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THE INDEPENDENT

WEDNESDAY 31 JANUARY 1996 40p (TR 45p)



Arthur plots to strike again
On the stump with Scargill



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Bridget Jones's Diary
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Your money: new section starts today
Section Two

One in four homebuyers in debt trap

Negative equity blow to Tories

NIC CICUTTI and JOHN RENTOUL

A record quarter of all homebuyers are caught in the negative equity trap or are on the brink of it, a survey by a leading building society revealed yesterday.

Up to 1.7 million households have negative equity, and a further million borrowers own homes whose value hovers no more than £3,500 above their mortgage, according to Nationwide Building Society.

The new figures represent a setback for the Government, after the Prime Minister, John Major, put himself at the head of a drive to persuade voters that the economic outlook for this year was improving. Ministers have repeatedly pointed to the rise in real incomes, maturing Tessa accounts and signs of recovery in the housing market as the basis of their optimism about political recovery.

But the Nationwide survey raises doubts over whether millions of homeowners can be persuaded of the elusive "feelgood factor" with a general election little more than 15 months away.

Nick Raynsford, Labour's housing spokesman, said: "Negative equity has a very damaging impact on confidence in the housing market, which shows no sign of recovering, despite all the hype we've heard from people with a vested interest - principally the Government."

Nationwide said that about 150,000 households plunged into negative equity after last year's collapse in house prices, affecting one in seven of all borrowers. The additional one million only just above that level is also critical, many housing experts believe.

The costs of moving home, including stamp duty, legal fees and estate agents' commission

means the next step on the housing ladder would leave buyers in the red.

If house prices rise by 3 per cent during 1996, as predicted, more than 300,000 households will be lifted out of negative equity. Borrowers above that line would also gain from any price increase.

But that would still leave a vast reservoir of millions of



disillusioned homeowners trapped in their homes almost a decade after rushing to join the property boom of the late 1980s.

A spokeswoman for Shelter, the housing campaign group, said: "People who have negative equity are often also people who have problems with mortgage arrears."

"If you are living in a home that is worth less than your mortgage, you are less able to move, especially if you are also unemployed. The traditional tactic of trading down becomes much more difficult."

The Nationwide's survey comes on the eve of a report on repossession and arrears by the industry's trade body, the Council of Mortgage Lenders. The council is expected to say that repossessions remained broadly flat last year, at about 50,000.

The numbers of people in arrears are thought to have fallen.

The survey also comes in the midst of a desperate mortgage price war by lenders.

A separate report by TSB claimed the cost of home buying will fall by 10 per cent this year, buoyed by a combination of falling mortgage rates and rising earnings. In 1996, home buyers will spend £25,700 on a mortgage for every £100 of their take-home income, compared to £30 last year.

Nationwide's figures are higher than those regularly produced either by the Department of Environment or Woolwich Building Society. This is because Nationwide bases its findings on a higher, but more accurate, percentage of loans usually taken out by borrowers.

The society said yesterday that the increase in negative equity was caused mainly by relatively small falls in house prices. A disproportionate number of households can be affected either way by minor price changes because their mortgages are so close to the selling price of a home, said Nationwide.

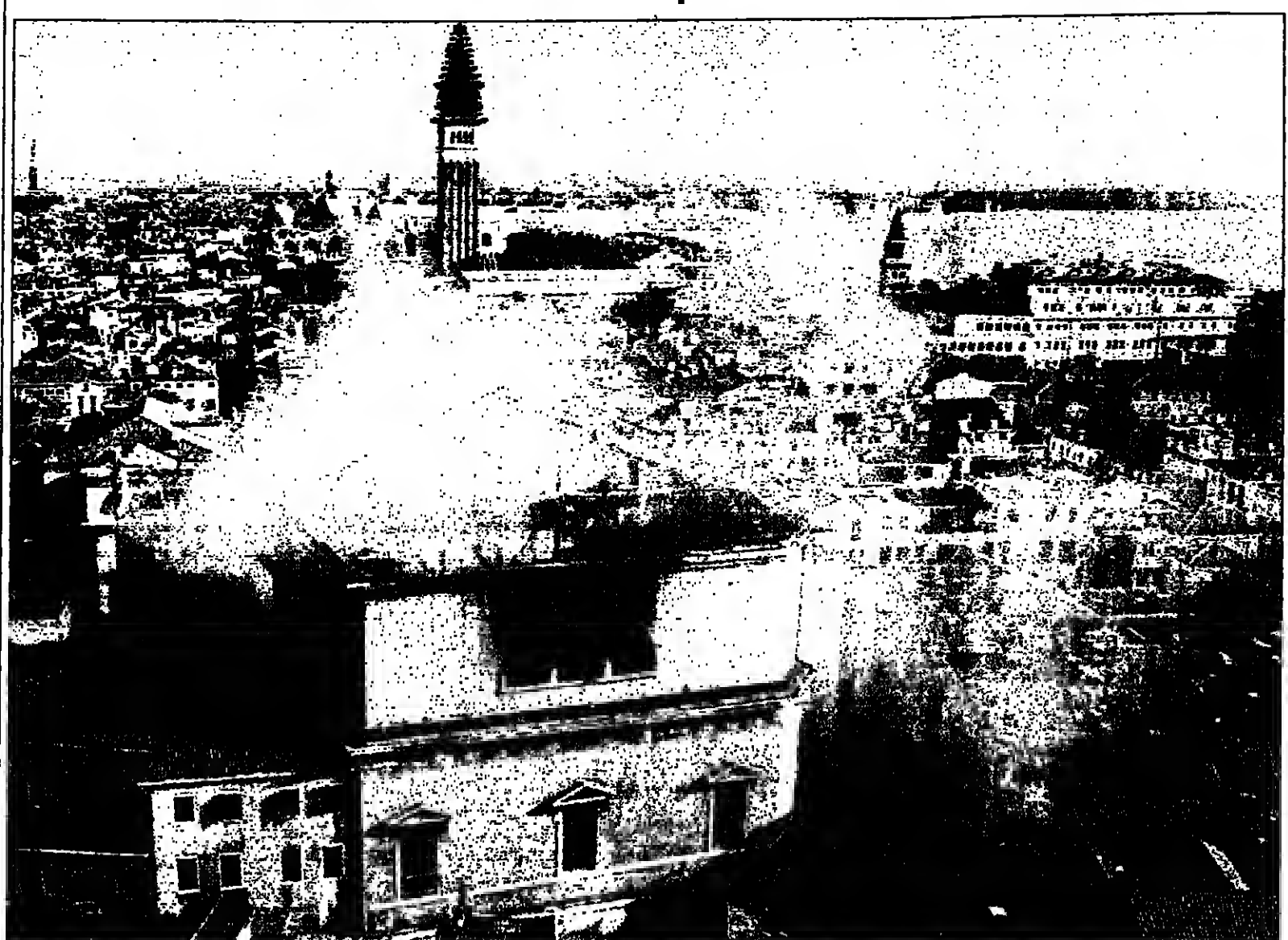
"Its significance for individual households should not be exaggerated," its quarterly housing finance review claimed.

"Equity shortfalls of those newly affected are likely to be small. In most cases, households are quite likely to be unaware of the 'problem' since it is dependent on the existing value of their individual property, something they will only know with any accuracy if and when they wish to sell."

The society said that while the number of negative equity cases rose overall, the total value of those suffering from it fell slightly from £8.6bn to £8.3bn, reducing the average shortfall to £4,900 from £5,600.

Flotation windfall, page 17

Pavarotti vows Venice's phoenix will rise again



Tenor's pledge: Luciano Pavarotti will sing for free to help restore La Fenice opera house in Venice left in ruins by fire (above) Photograph: Reuters

Hume raises Irish peace hopes

COLIN BROWN and DAVID MCKITTRICK

Hopes for a negotiated deal to make progress on the Northern Ireland peace process rose last night after 90 minutes of talks between the Prime Minister and John Hume, the leader of the nationalist SDLP.

Mr Hume made it clear that he had not dropped his opposition to the Prime Minister's plan for all-party elections in Northern Ireland to overcome the IRA's refusal to begin disarmament. But he said the two were now "engaged in a process" of negotiations, to find a way round the deadlock.

The SDLP leader said more talks with John Major were planned soon. "Our views have been stated very clearly but we are not going to repeat them because everyone knows what they are. We are engaged in a process with the Prime Minister which we hope will lead to a common approach to a comprehensive peace settlement."

Two days ago, Mr Hume said the SDLP "will have nothing to do with elections, full stop". In Belfast, the Sinn Féin president, Gerry Adams, told the Northern Ireland Secretary, Sir Patrick Mayhew, that his party remained implacably opposed to elections. He declared:

"There will be no return to Stormont. We are not going back to be treated the way we were treated since this state was established."

Sir Patrick said after the meeting that the Government envisaged an elected body which would select representatives for a negotiating body. He insisted the Government would not retract its election plan.

While the hectic round of meetings continued, a prominent republican activist was shot dead in west Belfast, in what looked ominously like the start of a feud within the small but ferocious Irish National Liberation Army.

The man who died was Gino Gallagher, a republican militant believed to have been chief of staff of the INLA. The indications are that he was killed in a power struggle in an organisation particularly prone to violent internal disagreements.

Gallagher was killed inside a social security office on the Falls Road. He was sitting in a booth talking to a female member of staff when a man seated with other members of the public came forward and shot him several times at point blank range. One bullet went through a glass partition and narrowly missed the woman speaking to Gallagher.

Eye-witnesses said the gunman then coolly walked out of the office. He was said to have worn a woollen hat, a wig with a pony tail, glasses and a moustache.

Gallagher, who was in his 30s, was a long-time INLA member who had been jailed several times and was a spokesman for the organisation's military wing. In that capacity he was last year photographed shaking hands with the head of an INLA faction opposed to the peace process. He took over as chief of staff several months ago. Leading article, page 14

IN BRIEF

Triple murder trial
A serial killer was indulging his passion for murdering boys, a Leeds court heard. Page 3

Ecstasy campaign
"Chill out rooms" and medical staff may become obligatory at raves as part of a plan to reduce ecstasy-related deaths. Page 4

Yeltsin 'courting extremist'
Boris Yeltsin is said to be courting ultra-nationalist Vladimir Zhirinovskiy as part of his campaign for re-election. Page 9

Today's weather
Fine with a chance of sunny spells. Section Two, page 25



BBC snatch Olympic rights from Murdoch

MATHEW HORSMAN
Media Editor

The BBC and 40 Continental broadcasters yesterday clinched exclusive European rights to broadcast the five Olympic Games between 2000 and 2008 for \$1.44bn, nipping out a \$2bn financial bid from Rupert Murdoch's News Corporation.

Yesterday's announcement by the International Olympic Committee was greeted with exhilaration at the BBC which has campaigned to halt the flood of major sporting events from free to subscription television.

The IOC was "no doubt placed under pressure by more lucrative alternative offers",

Jonathan Martin, BBC Television's head of sport, said. "But [they] stuck to the view that the Olympics should continue to be seen by the largest possible number of viewers worldwide."

The deal will give the European Broadcasting Union, a consortium of public service broadcasters, exclusive rights to the Summer Games in Sydney in 2000 and the Winter Games in Salt Lake City in 2002. The EBU will also broadcast the Summer Games in 2004 and 2008 and the Winter Games in 2006. Rights to highlights will be negotiated separately.

News Corporation, which unveiled its offer earlier this year, said in a statement that the

company "respects the right of any sports body to select the broadcaster of its choice".

The winning bid was 25 per cent higher than the EBU's opening shot, following revelations of Mr Murdoch's bid. A News Corporation insider said: "This shows that public broadcasters can come up with more money when they are pushed."

The BBC, along with other media companies, have complained that Mr Murdoch's near-monopoly on sport rights in the UK made it impossible for mainstream broadcasters to compete. BSkyB, the satellite broadcaster owned 40 per cent by News Corporation, has exclusive contracts to Premier-



Rupert Murdoch: Beaten to Olympic coverage by BBC

ship football, golf's Ryder Cup and other major sport.

Pressure has been building on politicians to amend the Broadcasting Bill to protect certain "listed" events from being broadcast exclusively on pay-TV. Murdoch's launches 24-hour news, page 1

The privatised train at platform one is a bus

CHRISTIAN WOLMAR

Britain's first privatised train for 50 years, due to run this Sunday, will be a bus. In a situation familiar to weekend travellers, engineering works have forced Great Western Trains to operate a replacement bus service on the route from Fishguard to Cardiff.

Department of Transport officials have been desperately trying to find a time to transfer the first three passenger rail franchises to the private sector and have decided on 2am this Sunday when the late night trains have stopped running. To minimise legal complications, they have decided to make the transfer at a

time when no trains are operating but they overlooked the problem of the early-morning 01.50 am Fishguard service to Paddington.

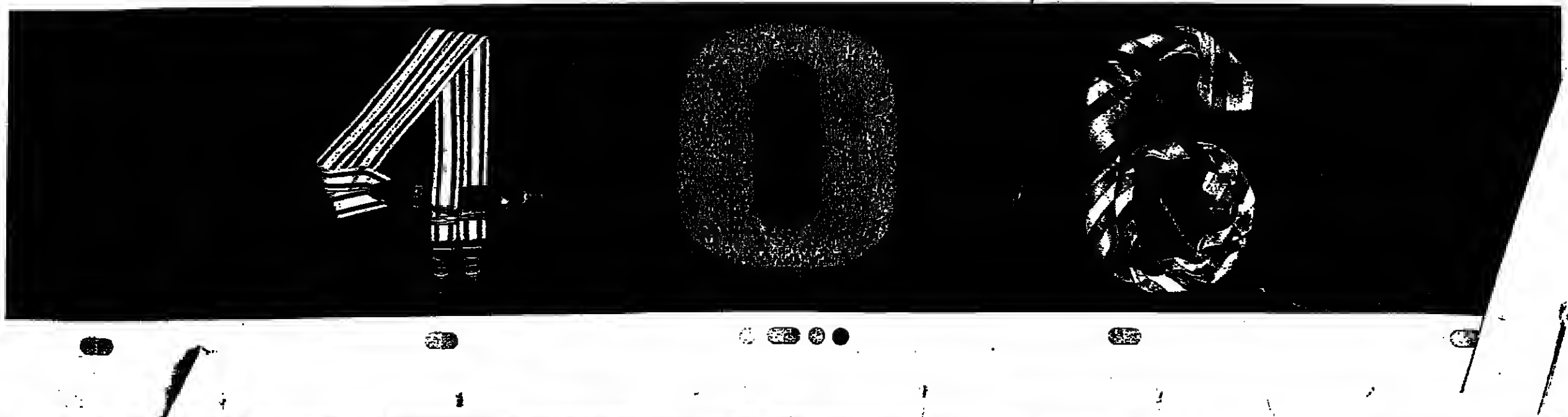
The service, for passengers coming off the Irish ferry, has been replaced by a bus because of engineering works until it reaches Cardiff and it will, according to a man from the ministry, "start as a public service and at some point during the journey it will transfer into the private sector".

The group of passengers on the first private service since the railways were nationalised in 1948 will continue their journey at Cardiff on the 5.30am to Paddington. By that time the

first privatised train passengers (as opposed to bus train passengers) will have left Twickenham station at 5.10am on the South West Trains service to Waterloo.

The Department of Transport spokesman said: "Provided the franchise transfers do go ahead, the 5.10am service from Twickenham will be the first privatised service to start as a train and end as a train."

The big day will be a continued source of embarrassment for Great Western because it is also having to run bus services from its headquarters at Swindon to Reading all day on Sunday as a result of engineering works.



news

Ban on work of 'adult' cartoonist is overturned



One of the offending cartoons

JOHN MCKIE

A small London comics firm yesterday overturned a Customs and Excise ban on a work from celebrated adult cartoonist Robert Crumb.

Uxbridge magistrates' court yesterday upheld the right of Knockabout Comics, based in Portobello Road, London, to sell Crumb's *My Troubles with Women*. The other banned import, a collection of feminist adult cartoons called *Twisted Sisters*, will also now be available

to buy here. A Customs and Excise officer had banned the books from being imported into Britain or Europe by Knockabout Comics in January last year. The officer had taken offence to depictions of oral sex in each book.

Uxbridge magistrates yesterday rescinded that ban and awarded legal costs of £5,000 to Knockabout Comics. Geoffrey Robertson QC, representing the publishers, celebrated the decision as a victory for freedom of information, and said: "This

customs decision would have put at risk all the underground art of the sixties and we were very happy to put a stop to any such trend."

In his address to the magistrates, Mr Robertson invoked memories of other censorship trials, mentioning the censored novels *Lady Chatterley's Lover* and *Last Exit to Brooklyn*.

Knockabout Comics had argued that they had been given written permission from customs to import *My Troubles with Women* from 1988, and

that the pictures offensive to the customs official were only two from two hundred page books. They added that the books, far from being pornographic, depicted sex in a decidedly unglamorous light.

This view was endorsed in court by Dr William Thompson, a criminologist at Reading University and author of three books on pornography. "I have never seen anything like these pictures in mainstream pornography," he said.

Yesterday's trial once again

brought to the fore the debate on the availability of adult comics to children. Knockabout Comics director Tony Bennett insisted that the books were "of adult subject matter, sold only to adults". The recent boom in adult comics, however, has meant that distribution has spread from specialist comic shops like Mr Bennett's to mainstream record and book chains, like Virgin, HMV and Waterstone's.

The creator of *Fritz the Cat*, Robert Crumb was last year the

subject of a critically acclaimed film, *Crumb*, directed by Terry Zwigoff. But Andrew Bird, representing Customs and Excise, argued that "the artistic merit of these items is wholly irrelevant to deciding whether they are obscene". He admitted that customs officers "in the past seemed to have been liberal".

The customs officer who impounded both works, Mark Martin, gave a terse "No comment," yesterday. He also refused to take the stand, in spite of pleas from Mr Robertson.

IN BRIEF

Boy, 11, arrested on drug charges

An 11-year-old boy has been arrested on suspicion of supplying the drug amphetamine at school, police said yesterday.

The boy, alleged to have passed a white powder wrapped in a piece of paper to other boys at a secondary school in Kirkby, Merseyside, claiming it was "speed" or amphetamine, has been temporarily excluded from school while forensic scientists analyse the substance.

A spokesman for Merseyside Police said last night: "He has been given police bail pending further inquiries."

Bullion smuggler

A jeweller said to have been involved in a £20m gold smuggling operation with a female police constable was found guilty of conspiracy to evade VAT on imported bullion. Surrender Kumar, 32, of Stretey, West Midlands, faces up to seven years in jail. The jury at Knightsbridge Crown Court in London has still to return a verdict against Lucie Gilmore, 25, of Bridgnorth, Shropshire.

Electricity pay-outs

Nearly 4,000 customers blocked out by last week's power cuts in Mid Glamorgan and Gwent are to receive between £40 and £200 compensation from South Wales Electricity.

Part-time wages fall

Part-time workers hourly pay has fallen since Wages Councils were abolished in 1993, a new report from the West Midlands Low Pay Unit shows. Wages of part-timers in restaurants fell by 2.2 per cent in the year to last April and by 1.4 per cent for those in pubs and clubs.

Claire Hood killing

A local man, 19, charged with the rape and murder of Claire Hood, 15, whose body was found in woods near her home in St Mellons, Cardiff, last January will appear before Cardiff magistrates today.

Meningitis in school

Pupils and staff at Barnwell primary school at Peshaw, Sunderland, were being vaccinated against meningitis after five pupils became ill. Two girls, five and six, were confirmed as having the rare "C" type meningococcal bacteria. Tests were continuing on the other three.

MPs' pay campaign

A cross-party campaign to increase MPs' pay began in earnest as more than a third of the Commons signed a motion urging Lord Nolan's Committee on Standards in Public Life to make recommendations by the end of April.

Pensions for young

A £750,000 advertising campaign by the Government, warning the young that they may not have the standard of living they want if they rely on the state pension alone, was launched in the Central television area and could go national.

Tory right warned over anti-Clarke campaign

DONALD MACINTYRE
Political Editor

The former cabinet minister John Patten last night warned "daff and short-sighted" Tory MPs that they risked "signing their own political death warrants" by criticising Kenneth Clarke, the Chancellor.

Mr Patten made a rare intervention into the thick of internal Tory politics to give unequivocal backing for the Chancellor against what his allies see as a "whispering campaign" among the right-wing, Euro-sceptic faction.

Speaking at the Carlton Club, Mr Patten hinted strongly that he believed Mr Clarke's opponents were already manoeuvring on the succession to John Major in the event of an election defeat.

"You might at least recognise if you are certain that you will be around to argue about the future direction of Toryism after the next election, that the best background against which to do this is a Tory victory."

The former Education Secretary added that if the party stopped living for political power "there would only be a political corpse to fight over".

Suggestions by Mr Clarke's opponents - hotly denied by Downing Street and the Treasury - that he has become increasingly isolated in Cabinet, have been fuelled by an apparent difference of emphasis between himself and Malcolm Rifkind, the Foreign Secretary over monetary union.

While Mr Clarke said as recently as the Madrid summit in December that he believed there was a 60-40 chance of monetary union going ahead,

Mr Rifkind has been quick to draw attention to the strains threatening EMU within both Germany and France, and to suggest there is a growing gulf between economic realities and the planned 1999 timetable.

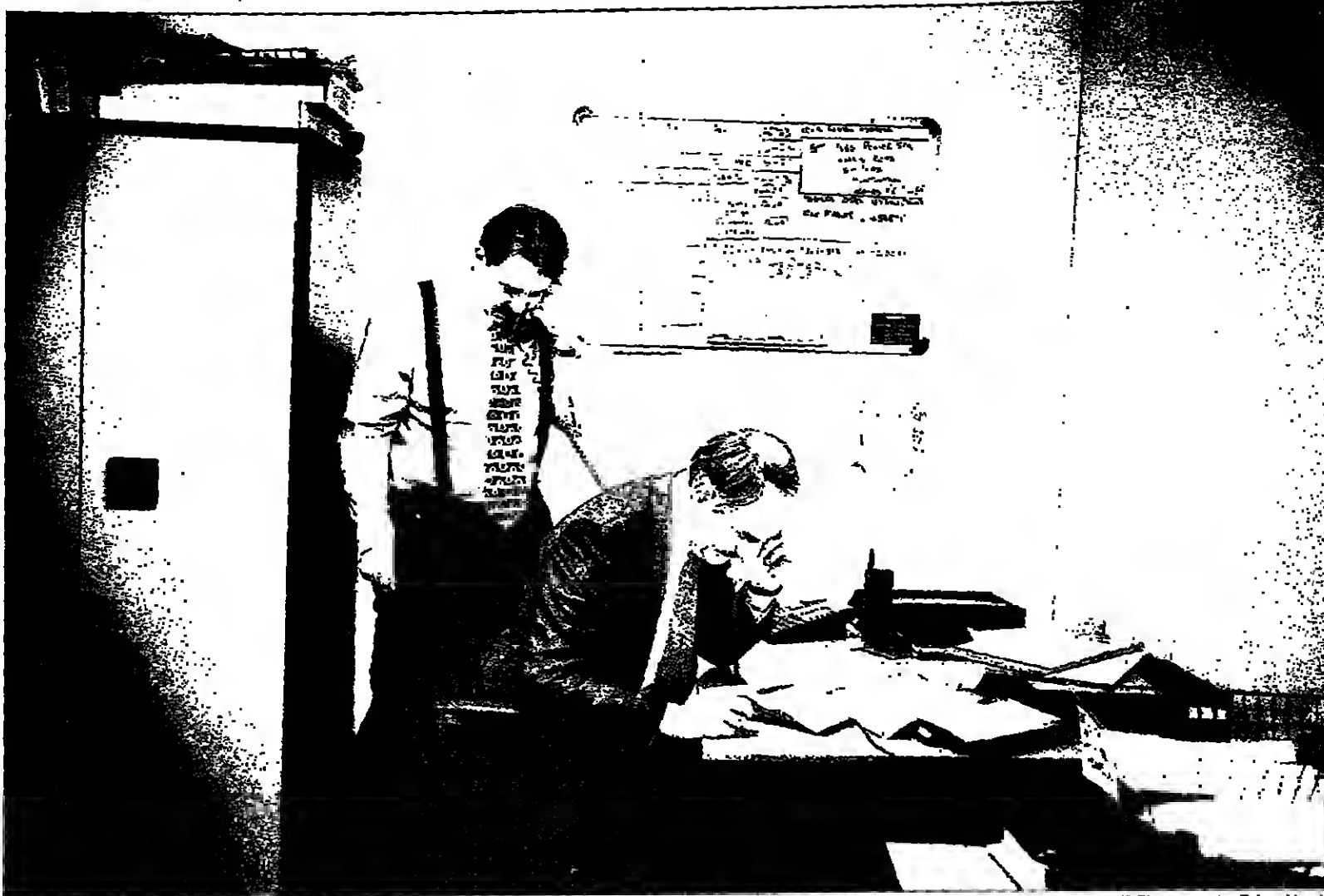
Mr Patten's impassioned defence of Mr Clarke, however, virtually ignored the European issue, and concentrated on his economic achievements - comparing him to Ludwig Erhard, the German chancellor credited with being the architect of the post-war "economic miracle".

Mr Patten said he believed Mr Clarke would be the architect "if given the chance" of a period of "unparalleled steady growth into the next millennium for the UK."

He added that with the "best run of low inflation for half a century", the lowest income tax rate for 50 years, the lowest mortgage costs for 30 years, falling unemployment and record-breaking exports, Mr Clarke, and his deputy William Waldegrave, had controlled public spending, kept down inflation and "left room for investment and consumer demand".

He added: "Only the most kamikaze Tory politician should overlook the fact that the Chancellor is not just delivering some ephemeral pre-election one-year wonder, but laying much more substantial foundations for decades ahead."

Earlier in a BBC *Today* interview, Mr Clarke vigorously denied a suggestion attributed to an anonymous Cabinet colleague that he had accepted he was coming to the end of his government career. "Anyone who thinks that I think this is my last job is seriously mistaken," the Chancellor insisted.



Manning the phones: The incident room at St Ives police station, Cambridgeshire, where a drawing of the attacker adorns the wall. Photograph: Brian Harris

Detectives intensify hunt for stalker

JOJO MOYES and
JASON BENNETT

The Home Office is considering new anti-stalking laws, it emerged yesterday. The move comes as detectives hunting a stalker who raped a woman in her home while she was under police protection announced they were investigating more than 80 new cases.

Since last year officials from the Home Office have been examining possible ways of toughening up Britain's existing laws on stalking. As part of the study they are looking at the laws in the United States, Canada, and Australia. They have also been

in discussion with British police forces. A Home Office spokeswoman said: "We are looking to see what we can learn from abroad, we have also been talking to the police and other interested groups."

In the US, the laws on stalking vary greatly from state to state. In California, the maximum fine is one year or \$1,000, which is increased to four years maximum if a court order has been made or if it is a second offence. In some states, the prosecution does not have to prove criminal intent, it just has to show that a reasonable person would view the behaviour of the accused as threatening.

In Britain, police powers are limited. Under the Criminal Justice Act, it is an offence to cause "intentional harassment". Meanwhile women in Huntingdon, close to where the latest incident of stalking in Britain took place, criticised the police response as "too little, too late". Some expressed concern for their safety and claimed not enough was being done to protect the victim as stalking was seen as "a woman's problem".

Cambridgeshire police said yesterday they had received a number of calls from people who thought they knew the identity of the man who attacked the mother-of-three after

stalking her for four months. He had already accosted her twice before raping her in a "desperately violent" ordeal two weeks ago. "We are still considering him to be a very dangerous man and we don't know if he has attacked before or whether he will attack again," said a spokeswoman yesterday.

As the victim continued to give evidence to police yesterday, they again defended their use of technical equipment to protect her rather than providing a physical guard.

"The only people who know the full circumstances concerning this incident are the woman and the police," said the spokeswoman, adding that the victim "had not complained" about the assistance she received from the police.

Ruth Hall, a spokeswoman for Women Against Rape, a lobby group which offers support to women under threat, said the victim, who is understood to live just outside Huntingdon, was not the first to be attacked while under police protection. Police usually provide victims with advice on security and a panic button connected to their local police station. She added: "There has to be changes in the priority police give to women's safety and the protection that is offered."

Surgeon General vice-admiral Tony Revell said: "We are continuing this work not only for the veterans who are ill but also to reassure ourselves that if we have to go to war again our people will continue to be properly and safely protected."

He said there was no evidence of a "syndrome", but the MoD accepted that some veterans were ill. "I would prefer to call it Persian Gulf Illness, as the Americans do," he said.

The MoD has refused to accept veterans' claims that they were made ill by drugs they took to protect them from chemical weapons in the Gulf war.

News analysis, page 13

'Murder in paradise' trial opens

BOB GRAHAM
Antigua

Four people aboard a British-owned racing yacht were tortured and killed for cash they did not have when they anchored overnight off the Caribbean island of Barbuda.

The four - two Britons and two Americans - were bound, gagged, stabbed and blasted with a shotgun, a court was told yesterday, the victims of three young West Indians who believed the 65ft racing ketch, the *Computer Centre Challenger*, carried a substantial amount of money on board.

But the reality was the yacht

carried little cash or items of value. Rex Mackay QC, for the prosecution, told the High Court of Antigua at the opening of the trial in St John's.

Three men from Barbuda are charged with the murders of Ian Cridland and Thomas Williams, both British yachting enthusiasts, and a middle-aged American couple Bill and Kathy Clever, who were guests.

Two of the accused, Mellan Joseph, 22, and Marvin Joseph, 22, pleaded not guilty to the murder charge, which carries a death penalty.

The third accused, Donaldson Samuel, 23, denied murder but admitted manslaughter.

Samuel will now be sentenced at the end of the trial which is due to last two weeks. He is expected to give crucial evidence against the other two accused.

Much of the opening morning of the trial was taken up with complex legal argument.

The three accused were arrested after a four-week inquiry by Scotland Yard detectives were called in to investigate the killings. Initially, local police believed the deaths were part of an international drugs smuggling ring. But a detailed investigation, led by Detective Superintendent Michael Lawrence, of the Yard's International and Organised Crime

department, uncovered the first alleged murders on Barbuda in more than half a century.

The Yard team had been working in Antigua at the time on the killing of the former head of Customs and Excise. They were immediately transferred to Barbuda.

The beautiful sun-kissed island, 27 miles north of Antigua, is home to less than 1,600 people, the majority of them living in poverty. It is an island known in the West Indies as "the pink paradise" because of its miles of unspoiled beaches, pink from the constant crushing of the coral off its shores.

The trial continues.

MoD to study Gulf illness

COLIN BROWN
Chief Political Correspondent

Deformities among the children of Gulf war veterans are to be studied as part of a full-scale review by the Ministry of Defence, to establish whether there are links between illnesses and service in the Gulf.

The study marks a partial victory for about 500 veterans of the Gulf war taking legal action against the MoD to secure compensation for illnesses. Specialists will try to establish whether there is a higher than normal incidence of illness among Gulf war veterans and deformities in their children.

About 350 veterans have been screened so far, but most work will be done through statistical checks. Cases of children with abnormalities will be collated. Professor Sir Colin Berry, a specialist in birth defects at the Royal London Hospital, said 350 to 375 babies would be expected to be born with abnormalities out of the 15,000 births likely from the 51,000 troops who served in the Gulf.

The study of abnormalities would try to establish whether the incidence of abnormalities was higher than expected, and whether there were proven links to chemical agents used in the Gulf.

Surgeon General vice-admiral Tony Revell said: "We are continuing this work not only for the veterans who are ill but also to reassure ourselves that if we have to go to war again our people will continue to be properly and safely protected."

He said there was no evidence of a "syndrome", but the MoD accepted that some veterans were ill. "I would prefer to call it Persian Gulf Illness, as the Americans do," he said.

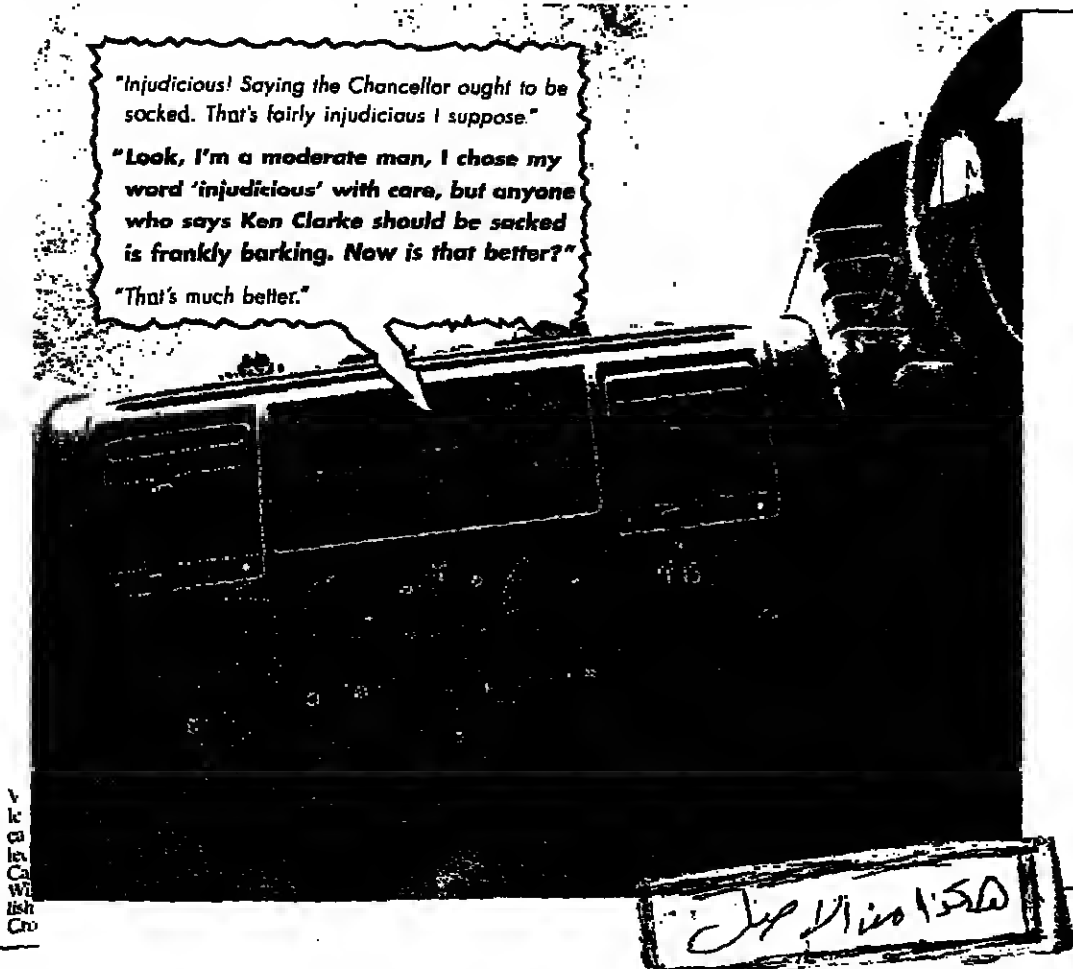
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Man 'killed three boys and burnt bodies'

JONATHAN FOSTER

Closest homosexual Steve Grieveson became a serial killer to protect his secret and indulge his enjoyment of murdering teenage boys and burning their bodies, Leeds Crown Court was told yesterday.

Three times within three months, Mr Grieveson strangled victims in his Sunderland neighbourhood. Each body bore the same signature: a ligature knotted carefully with a half-hitch to the left of the back of the victim's neck and which left no

mark. John Milford QC, for the prosecution, told the jury. Mr Grieveson, 24, denies murdering Thomas Kelly, 18, and 15-year-olds David Hanson and David Grieff between November 1993 and February 1994.

The killings had "numerous and striking" similarities which led to the conclusion that only one murderer could have been responsible, Mr Milford said.

But local pathologists had been unable to prove homicide from post-mortem examinations. Only when they consult-

ed two experts, six months after discovery of the third body, did compelling evidence emerge that all three boys had been killed.

Thomas Kelly had been strangled with his own scarf in an allotment hut; David Hanson with a scrap of material from an unoccupied basement; and David Grieff with his own belt in an allotment shed close to the scene of the Kelly murder.

Mr Milford told the jury of six men and six women that all the killings took place in the

evening, "after dark, but not late".

At the scene of the Hanson killing, Mr Grieveson's fingerprint was found on a basement window. On hearing torn down to force entry, police found a footprint which matched the sole of Grieveson's training shoe.

A DNA profile taken from semen found in David Grieff's mouth and stomach matched Mr Grieveson's DNA. Profiles match once in every 200,000 people, Mr Milford said.

The court was told that after

a chance meeting, Grieveson had lured David Grieff from the company of his friends with an unfulfilled promise of cannabis.

The boy was not homosexual. "He forced David Grieff to fellate him, and then he murdered him," Mr Milford said.

Mr Milford said it was unnecessary for the Crown to establish a motive for the alleged murders. But he said Mr Grieveson was a homosexual "unable or unwilling" to come to terms with his sexuality. He killed to prevent the boys revealing the homosexuality he

had disclosed to them, and he killed "because he enjoyed killing them and firing their bodies".

Mr Grieveson met Thomas Kelly in Sunderland town centre on 26 November 1993. Mr Kelly was afraid of Mr Grieveson because he had joined an identity parade on which Mr Grieveson was the suspect.

Mr Kelly feared Mr Grieveson mistakenly believed he had been betrayed to the police by Mr Kelly, the jury was told.

When Mr Kelly's body was discovered later that night it had

been burnt so badly that a police doctor could not establish his sex.

David Hanson and David Grieff were friends and members of a group who had experimented with drugs, Mr Milford said. Both attended Monkwearmouth Secondary School, where Mr Kelly had also been educated.

David Hanson's body was found in an unoccupied seafront house which Mr Grieveson later admitted burgling. He claimed his theft from the house explained the pres-

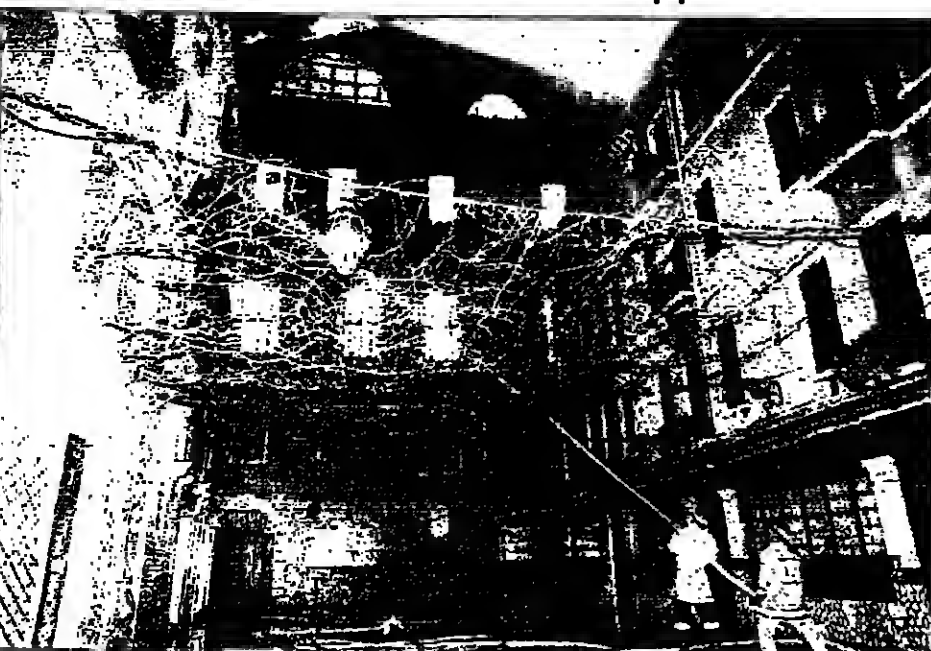
ence of his fingerprint and footprint.

Mr Milford said the prosecution would show the premises were secure when Mr Grieveson said he broke in. And witnesses would testify they saw Mr Grieveson with David Grieff on the evening of his death.

Mr Milford said Mr Grieveson admitted his homosexuality later to a cellmate at Durham prison. He admitted having sex with "a lad" whom he had killed and then burnt because he was on drugs.

The trial continues.

Opera house fire: Worldwide appeal launched to rebuild 'La Fenice' for second time following blaze causing £200m damage



'Phoenix' of Venice must rise again

ANDREW GUMBEL
Rome

A pile of smouldering ruins was all that was left yesterday of La Fenice, Venice's famous neo-classical opera house, after a devastating fire ripped through the building in less than two hours, plunging the city into mourning and stunning lovers of Venice all over the world.

The theatre, which was undergoing the last stages of an expensive restoration, caught fire just after 9pm on Monday night. Within half an hour the roof had collapsed and 150ft flames were shooting up into the night sky.

Firefighters struggling to reach the site along the narrow canals managed to save the 18th-century facade and outside walls but could only watch as the stage, orchestra, stalls and ornate boxes vanished into a smog of thick black fumes.

City officials have launched an international appeal for funds to rebuild La Fenice, a theatre whose name – literally "The Phoenix" – bears eloquent testimony to its fire-ridden history. The Italian

government pledged an initial £8m, and the European Union a further £80,000.

Among the many musical figures to express their grief was the Italian tenor Luciano Pavarotti, who offered to organise a charity concert to help cover what an estimated £200m worth of damage. "The entire world of opera feels like an orphan after such a loss," he said.

The American "Save Venice" committee pledged proceeds from its annual masked ball, expected to be hundreds of thousands of dollars. The city of Barcelona also sent its sympathy – the Venice blaze struck two days before the second anniversary of a fire which gutted its own Lico opera house.

A senior prosecutor, Felice Casson, was put in charge of an investigation to determine the cause of the fire. City officials appeared to rule out foul play, favouring instead a theory that the blaze was started by an electrical fault or short circuit.

One Environment Ministry expert, Giampaolo Zucchetto, said it was a miracle the whole area around La Fenice, barely

10 minutes' walk west from St Mark's Square, did not go up in flames. "Venice is like a tinderbox... with little stone buildings and lots of wood," he said.

Nearly 200 firefighters were hampered by the narrow streets and because the canals around the theatre had been drained for cleaning. People in surrounding buildings, including two tourist hotels, rushed out into the streets in panic, many of them bursting into tears when they realised what was happening.

The 1,500-seat theatre, first built in 1792 by the neo-classical architect Gianantonio Selva, was called La Fenice because it replaced a baroque palace lost to fire. It became famous both for its fine architecture and the virtuosity of its bel canto singers, and counted Napoleon among its fans.

It burned down in 1835 after a faulty stove was left on in the basement, and had to be rebuilt from scratch by Selva's pupils. The new theatre premiered many of Verdi's operas and, in the run-up to Italian unification, became a symbol of resistance to the occupying Austrian army.



Musical drama: A concert at La Fenice opera house which was destroyed by fire on Monday night (above left)

Main Photograph: AP

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QE2 boss's £400,000 pay-off



John Olsen: Lost Cunard job after QE2 refit muddle

PETER VICTOR

John Olsen, the former Cunard boss who lost his job after the disastrous refit of the QE2, left with a payment of £407,000, it emerged yesterday.

The deal included £232,000 as compensation for loss of office, a year's salary of £163,000 and £12,000 in benefits. In the previous year to the end of September Mr Olsen's package amounted to £290,000. He was on a one-year rolling contract.

The figures are revealed in the annual report of Cunard's parent company Trafalgar House, which last month announced it had plunged into the

red to the tune of £321m in the year to the end of September with the Cunard liner division losing £16.4m at the operating level. Its engineering businesses also reported huge losses.

The dramatic deficit is in stark contrast to the previous 12 months when the group made a pre-tax profit of £45.6m.

Mr Olsen left following the shambolic £30m refit of the QE2. The 67,000 ton liner, which is fitted out every two years, was returned to service in December 1994 before the overhaul had been completed. Passengers on a Christmas voyage to New York complained of "Niagara" of dirty water in toi-

lets, corridors blocked by "unsecured materials" and a fenced off swimming pool. The ship was refused clearance to sail from New York when coastguards insisted certain jobs be completed before the liner could continue to the Caribbean.

Passengers claimed that they had been exposed to asbestos while workmen tried frantically to finish the refit as the ship sailed. The company paid out refunds of £8,000 and offered alternative cruises for 500 passengers left at Southampton.

Last November a US court approved a £7.5m settlement offer to 2,000 passengers who suffered on the cruise.

Aspinall relief at tiger cage victory

Zoo owner John Aspinall last night vowed to enter his tigers' cages "within days" following a ruling he can continue his controversial policy of encouraging his keepers to bond with dangerous animals.

A majority decision by an industrial tribunal at Ashford, Kent, yesterday upheld his appeal against a ban by Canterbury city council on zoo staff entering adult tigers' cages.

Mr Aspinall said his mood and that of his staff at his two Kent zoos – at Port Lympne and Howletts – was one of relief rather than victory. "Morale is very high. I think even the animals sense that something good has happened."

It has been 14 months since any of Mr Aspinall's keepers

have been inside the tiger cages following a ban under the Health and Safety at Work Act. Mr Aspinall, 68, took the matter to the industrial tribunal, threatening to close his zoos to the public if he lost.

The three-member tribunal's decision in his favour – with some amendments to safety rules – is a blow to the council which spent £35,000 on the case. The authority imposed the ban on employees entering the tigers' cages after a keeper, Trevor Smith, died when he was mauled by 500lb Siberian tiger Balkash in 1994.

The council said some aspects of the ruling have caused concern and its legal department is studying the findings. An appeal has not been ruled out.

Pogs beat hi-tech rivals to be top toy

Pogs, a sort of tiddly-winks on steroids, has been named Toy of the Year, just 12 months after its arrival in the UK.

The low-tech game, which became a craze among schoolchildren last summer, beat the best that Nintendo and Sega could offer.

Pogs – described by its makers Waddington as a "milk-cup slapping game" – sells as little as 99p. The Pogs itself is a brightly coloured cardboard disc which children collect or use in a playground game.

The discs originated in Hawaii in the 1930s when children there collected the coloured cardboard tops of milk and other drinks bottles, a bit like football or cigarette cards. The discs are named

after an acronym for passion fruit, orange juice and guava.

The game was introduced to the UK by the toy manufacturer Waddington after it became a best-seller in the US. So far, the resultant mania has yielded the company £25m.

The British Association of Toy Retailers, which organises the Toy of the Year award, announced Waddington's win at the International Toy and Hobby Fair in London.

Power Rangers was voted boys' toy of the year; Barbie was named best girls' toy; and the construction game K'Nex was nominated best new toy.

Toy manufacturers are now searching for the next big thing as they vie for a bigger share of the £1.6bn British toy market.

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news

Rave clubs back moves to reduce ecstasy deaths

JOHN ARLIDGE
Scotland Correspondent

Radical new government proposals to improve safety at raves and reduce the growing number of ecstasy-related deaths were welcomed yesterday by nightclub owners, doctors and lawyers.

Prosecution authorities and club owners told a Commons select committee that proposals to introduce licences forcing rave organisers to introduce "chill-out" areas for dancers and to employ paramedics would help reduce the death toll. The committee, meeting in Ayr where three youngsters died after taking ecstasy at the Hanger 13 nightclub, was told that "model rave licences" should be introduced throughout the UK.

MPs on the Scottish Affairs Committee were taking evidence on the Licensing Bill, which ministers introduced after the deaths at Hanger 13. The proposed legislation, which de-

fines a rave as "dancing to an emission of repetitive beats", gives the Scottish Office new powers to draw up model licences regulating all rave venues north of the border. The pilot scheme enjoys cross-party support and, if it proves successful, it will be introduced in England and Wales.

The licences will enable Scottish local authorities to impose tough new safety conditions on rave clubs. Organisers will be required to provide "chill-out" areas with freely available water to prevent dancers dehydrating; stewards will be forced to search all ravers thoroughly and paramedics must be on hand to treat anyone who falls ill.

With the number of ecstasy-related deaths topping 50 for the first time last year, club owners believe the new licences will help prevent further fatal overdoses. Fraser MacIntyre, manager of Hanger 13, described the Bill as "the way ahead".

Mr MacIntyre added that al-

though councils in England and Wales have the power to withdraw licences from clubs thought to be unsafe, no detailed guidelines have been drawn up covering raves.

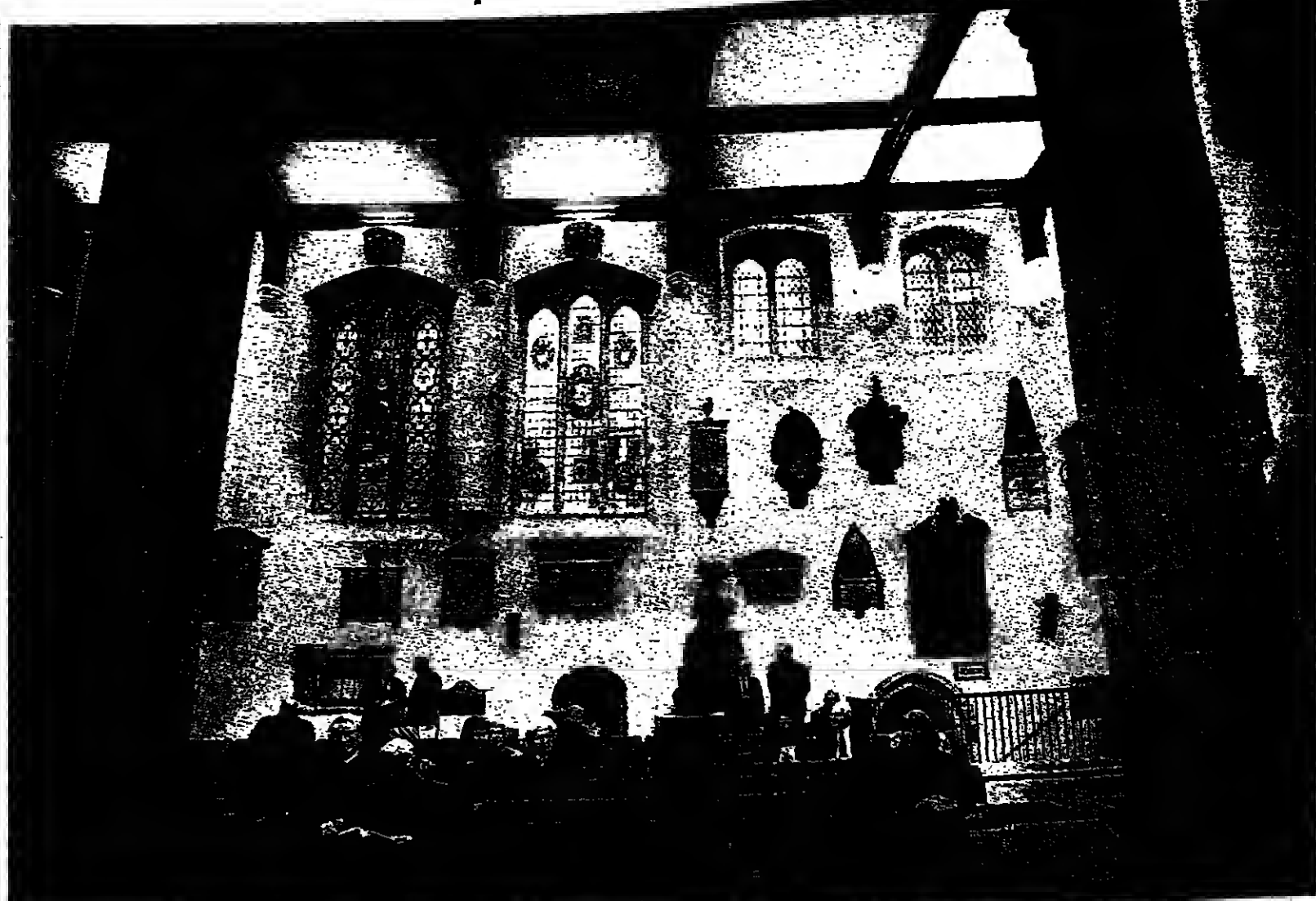
Lord James Douglas-Hamilton, the Scottish health minister, is expected to tell members next week that the Government wants to introduce the new regulations by the end of the year.

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Mr MacIntyre added that al-

Church torn apart by IRA bomb reopens



Homecoming: Worshippers in St Helen's in the City of London yesterday for the first time since the IRA bombing in 1992. Photograph: John Voss

ROS WYNNE-JONES

The congregation of St Helen's Bishopsate at last returned to its home in the heart of London yesterday as the church, torn apart by the IRA bomb that wrecked the Baltic Exchange in 1992, was formally reopened.

The largest congregation in the City has twice suffered the

effects of IRA attacks: after St Helen's east windows were blown out and the centre of the church destroyed, they moved to nearby St Botolph's, only to have their adopted place of worship hit by a second IRA bomb, which caused further damage to St Helen's.

The £3.5m renovation was paid for by insurance money and

gifts from the congregation, which includes City workers attending the resumed Tuesday lunchtime services. The Georgian interior, which unites three sections of the medieval church, belies the destruction done by the bombings, when parishioners watched grey-blue glass from the City's skyscrapers cover St Helen's like snow.

More than 1,000 people attended the reopening ceremony and remembered the four people killed in the two bombings. The outgoing Bishop of London, David Hope, said in a written message that "God is working to draw out good from evil, to raise up the ruined places... and St Helen's is no exception."

But the rector of St Helen's, Prebendary Dick Lucas, told the congregation he held little hope for human nature. He had earlier told a press conference: "I'm not a man of very much hope either for the state of the world or for Northern Ireland." Asked whether he forgave the bombers he said: "I'm not aware that anyone has asked for forgiveness."

Teenage drug abusers 'being failed by system'

GLENDA COOPER

Teenagers who run into trouble with drugs are being abandoned by health chiefs, according to a report by the NHS Health Advisory Service.

Current services present a "gloomy picture" where there is a lack of knowledge of the scale of the problem and shortage of specialist treatments for those most at risk.

Drug use is now so widespread among teenagers that such behaviour cannot be seen as abnormal, according to Keith Hellawell, the Chief Constable of West Yorkshire, who helped launch the report, *The Substance of Young Needs*. He said that if present trends continue, 80 per cent of 10-year-

olds will have been involved in drugs in some way by 2005.

Home Office figures show the number of notified drug addicts under 21 increased from 1,501 in 1990 to 2,231 in 1993.

The study says there is a lack of recognition by health professionals of teenagers' needs. Services are poorly planned and co-ordinated - developing in an "isolated, uneven, patchy and idiosyncratic manner".

Specialised treatment is extremely limited because of a range of factors including lack of understanding of the problem, lack of basic information about services and disputes over funding. Staff are said to have little knowledge or formal training about issues of confidentiality or consent.

The report by the NHS Health Advisory Service, a non-departmental public body, makes a clear distinction between experimental use of drugs and addiction.

While the service does not support legislation of drugs, it also says that experimentation alone cannot be seen as indicative of personal disorders. Misuse is defined as use that is harmful, dependent use or the use of substances as part of a wider spectrum of problematic or harmful behaviour.

The report warns: "Given the fragmentary and, in some areas, non-existence of services for young people... there are considerable challenges to be overcome before there will be appropriate provision."

Court usher's son served on six juries

STEPHEN WARD
Legal Affairs Correspondent

At least five more cases heard by a "professional juror" were being reconsidered by court officials yesterday after the Court of Appeal freed a man he had helped convict of burglary.

The juror was called in repeatedly by his father, a senior usher at Stoke Crown Court, to make up the numbers.

Last night the Court Service, which was given agency status by the Lord Chancellor's Department last year, was checking the records of other trials where the juror was co-opted.

The defendant, Frederick Salt, 25, who had served 13 months, will be entitled to claim compensation for wrongful imprisonment. His convictions for burglary and assaulting a policeman were quashed because

the usher's son, who had served several times, would be likely to be an expert who would influence other jurors.

Details of other cases heard by the juror have not been made public, but according to a source at the Lord Chancellor's office the Court Service was planning to tell any defendants convicted by the "professional juror". They would be able to seek leave to appeal, and

the Court of Appeal might free them or order a retrial. If freed they would be able to claim compensation.

Although the appeal judges ruled that the father and son must not be named, it emerged during the hearing this week that on at least six occasions at Stoke-on-Trent Crown Court the young man had been called in to fill in when there was a shortage. Jurors are paid £44.8

a day, plus £4.25 meals allowance and up to 36p a mile travelling allowance.

Mr Salt was represented by Antony Longworth, who said the juror was summoned to attend court after it was realised they were one short of a jury panel in June last year.

Lord Justice Staughton refused an application for a retrial on the grounds that it was not in the public interest.

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	£5,000	17.9%	£212.84	£7,662.24
NAT WEST	£1,000	15.9%	£103.77	£3,735.72
	£5,000	14.9%	£204.98	£7,379.28
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Water firm faces inquiry over second illness outbreak

NICHOLAS SCHOON
Environment Correspondent

The Government's Drinking Water Inspectorate is to investigate South West Water after contamination at a major treatment works last summer caused nearly 600 people to fall ill.

It is the second time in the past few years that the Littlehampton Treatment Works, serving more than 300,000 residents and summer visitors in south Devon, has been linked with a sickness and diarrhoea outbreak caused by the microscopic parasite cryptosporidium.

An official report into the incident, which occurred at the height of the holiday season, was published yesterday.

South West Water also announced that Bill Fraser, its managing director since privatisation, is to leave at the end of next month. But a spokesman



Bill Fraser: Leaves company but will remain a consultant

said that there was "absolutely no connection" between his departure from the water company with the highest bills in the country and the publication of yesterday's report. However, Mr Fraser, whose salary has

risen rapidly to £164,000 a year, will remain a paid consultant for the company for a year with an undisclosed fee.

In yesterday's report the "outbreak control team" - a group of public health officials, local council officers and water company managers - put the blame squarely on the Littlehampton works, but failed to establish how the parasite got into the treated water in the first place.

There are growing concerns about cryptosporidium, which can live in the guts of farm animals as well as man and is widespread in the environment. It is extremely hardy and, being about 10 times the size of a bacterium, is small enough to get through extremely fine filters. It can cause weeks of painful gut illness and once an outbreak occurs it can spread from person to person directly.

Earlier this month, Yorkshire Water went on "red alert" after the parasite was found in the treated water at one of its largest works - the Elvington plant which supplies Sheffield, Rotherham and Barnsley. But it was found at very low concentrations and there were no reported cases of sickness.

There have been several outbreaks linked to tap water in the past few years, but the Drinking Water Inspectorate has not yet taken any water company to court. Yesterday a spokeswoman said prosecuting South West Water was a possibility.

Following the outbreak, the control team told local residents to boil water for 26 days. The company paid £15 compensation to all households in the area, which cost more than £1m, but some individuals and companies are seeking further compensation.

Chinook pilot's disaster theory

The RAF's official explanation for the 1994 Mull of Kintyre helicopter disaster led to a sense of "injustice" throughout the air force, an inquiry heard yesterday.

The claim was made by a Chinook pilot who put forward his own theory about the disaster: a temporary control jam which put the helicopter on a fatal collision course with the Mull. He told the inquiry the RAF board of inquiry's explanation - a wrong rate of climb - had been largely based on "speculation and conjecture".

Top-ranking officers had then based on this a judgment of "gross negligence" on the two pilots involved, Flight Lieutenants Jonathan Tapper and Richard Cook.

The assertion by the Chinook pilot, who cannot be named for security reasons, led to the recall to the witness box today of the wing commander who acted as president of the board of inquiry. He said the pilot's alternative theory was a possibility that could not be dismissed, but was extremely unlikely.

He repeated his own view of the likelihood cause - that the crew put the Chinook into a high-speed cruising climb too shallow to clear the Mull. They began the climb at a point where they thought they were further away from the Mull, and slightly further to the right of it than they were, he said.

The inquiry yesterday entered its closing stages. It will resume on Thursday, when closing submissions will be heard from lawyers.

The disaster, on 2 June 1994, wiped out the elite of Ulster's intelligence experts.

The Chinook pilot said that he believed an explanation could be a temporary 20-second control jam, perhaps caused by one or more loose articles interfering with the controls, with the crew regaining control but too late. The pilot said he was putting forward his theory not as the likeliest cause, but as a possible one.

Seaweed yields 'superbugs' clue

TOM WILKIE
Science Editor

Beachcombing biologists have discovered a powerful new antibiotic that will fight diseases caused by "superbugs" which are immune to other antibiotics.

Researchers from Heriot-Watt University in Edinburgh discovered that the antibiotic is produced by microbes growing on seaweed on the shores of the Firth of Forth at North Berwick. It is particularly effective against the MRSA bacteria - methicillin-resistant *Staphylococcus aureus*. Deaths from MRSA infection have been soaring over the past decade as the bacterium is prevalent in hospitals and is unharmed not only by penicillin, but by almost all other antibiotics.

The pharmaceutical industry has been unwilling, however, to take up the Heriot-Watt findings and provide the biologists with financial support to continue their work, according to Professor Brian Austin, head of bi-

ological sciences at the university. The industry is unused to dealing with marine micro-organisms rather than the ones derived from soils to which they are accustomed.

Antibiotics kill bacteria and some of the most effective ones are produced by other bacteria - to kill off their neighbours in the competition for a food resource. It has been standard practice for years for researchers seeking new drugs to do the equivalent of going out of the laboratory, taking a spadeful of soil from the flowerbed across the road and screening the millions of bacteria it contains to see if any of them might have a medicinal use.

Professor Austin said their discovery carried the message "that the sea seems to offer potential for the next generation". But he warned: "If today someone decided to commercialise it, it would take years and literally millions of pounds before it could be available in the clinics."

Camera firms focus on film to put photographers in the frame

CHARLES ARTHUR
Science Correspondent

Amateur photography is set for a revolution that could prove as momentous as the record industry's change a decade ago from vinyl to compact discs.

Tomorrow the five biggest companies in the photographic industry will launch a new range of films and cameras which promise to end the problem of over- and under-exposed films and the hassles of loading films in cameras that seem determined to resist them.

Known as Advanced Photo System (APS), the products have been developed jointly by Canon, Fuji, Kodak, Minolta and Nikon, who have spent more than £200m over the past five years to develop a fault-free method of loading and processing films.

Kodak reckons the system is long overdue. "Every year more than 1 billion photographs are lost due to simple errors," a spokeswoman said. "Fifteen per cent of all rolls received by processors have blank, fogged or double-exposed frames. And 70 per cent of our consumer phone enquiries relate to loading problems."

The new film is contained in a single cartridge which can be dropped straight into any APS camera. It then loads automatically. Before taking a photo, the user can choose between three different formats - normal, "group" (16 per cent wider than normal) and panoramic, which is twice as wide as standard prints.

After special processing, the

Snapshots in the evolution of the camera

1822: Joseph Nicéphore Niépce and his brother Claude invent the first permanent photograph.

1838: The Daguerrotype camera is invented, capturing images using silver on copper plates.

1896: Eastman Kodak introduces the Box Brownie roll-film camera for the consumer market. It is priced at \$1. Millions are sold and amateur photography is born.

1936: The first 35mm SLR (single lens reflex) production camera is introduced by Zeiss Ikon of Dresden, Germany. SLR allows the photographer to look through the same lens as that taking the picture.

1960s: Polaroid introduces an early autofocus camera, which estimates the distance to its subject by high-pitched sound. It flops, because it cannot focus beyond windows.

1985: Minolta introduces its 7000 camera, the first 35mm SLR autofocus camera.

1987: Kodak introduces the Fling, the first disposable camera. It contains a single film and is used just once. It is a huge hit, especially in Japan.

1996: Canon, Fuji, Kodak, Minolta and Nikon introduce the Advanced Photo System - but will it be a hit or a flop?

developed negatives are returned inside the cartridge, along with a set of prints and a "contact sheet" containing miniature numbered versions of every print. This makes it easier to select pictures for reprints, instead of struggling to identify a negative from a thin strip held up to the light.

The problems of under- and over-exposure are tackled by the camera, which encodes data on to a magnetic strip at the bottom of the film as the photo is taken. The processing system then automatically adjusts the development process to allow for dark or light conditions.

Steve Fairclough, news editor

of Amateur Photographer magazine, said: "It's good news for the general consumer. It might not appeal to the top end of the market, where people like to have as much control of the shot



Clearer view: The new films will automatically correct problems such as over-exposure due to bright sunlight (first photograph) and under-exposure on foreground subject due to strong backlight (second photograph), to produce the perfect image

as possible. But for Joe Public, the message is that you won't get back a lot of bad photos - which is the sort of thing that can make you decide not to bother taking pictures next

time. It means you won't have to think at all.

Photo companies, desperate for something to pep up the stagnant camera and film market world-wide, are encour-

aged by polls which have shown that nine out of ten consumers would choose an APS camera over a conventional system.

However, those wanting APS cameras, which are expected to

go on sale in April, will have to pay a premium for them. The cameras are expected to cost between 20 per cent and 30 per cent more than comparable products, while the APS films

- which will not fit in any other camera - will cost about £1 extra for processing, with additional costs of 5p for "group" prints and 25p for panoramic prints.

Stores may be forced to detail cost of warranties

NIC CICUTTI

The Office of Fair Trading yesterday warned retailers that they may be forced to display the costs of warranties for their electrical goods in all their stores unless they do so voluntarily.

The OFT's threat came after it found that, despite an agreement by retailers last year to support a code of conduct proposed by their trade body, only one-third of outlets had done so.

Only 40 per cent of retail outlets provided their customers with take-away leaflets detailing the cost of their warranties.

John Bridgman, director general at the OFT, said yesterday: "Response to the code has been very patchy and adherence [to it] has been patchy. Too many customers are still not able to get the price information they need to shop around and competition in extended warranties is still too low."

Unless retailers sign up to the code devised by the British Retail Consortium last May, the OFT will ask the Department of Trade and Industry to use its powers to force them to do. Extended warranties on electrical goods, such as fridges and washing machines, are regularly sold by retailers to customers who buy their goods.

"In many cases, returns from warranties are high and represent a major contribution to overall company profits, partly through off-shore subsidiaries. If substantial improvements are not apparent... in May, I would have to recommend effective action," Mr Bridgman said.

But many consumers have complained that the cost of warranties varies wildly between different stores. Often, the price is not published un-

til a purchase is almost completed. In recent years, a number of electrical chains are known to have made a substantial proportion of their profits from warranty sales rather than their main business.

After a hard-hitting report in 1994, the industry vowed to clean up its act by setting up a code of practice. However, research by the OFT last year found the cost of a five-year warranty on the same model television set varied from nothing to £201. A guarantee for the same washing machine cost between £95 to £240. The OFT also wants customers to be given details of separate manufacturers' warranties, which are often much cheaper than the ones sold by stores.

Keith Richards, senior lawyer at Consumers' Association, said: "The lack of commitment to the code of practice is very worrying. Retailers clearly have an economic interest in keeping information from consumers. Sadly it seems the voluntary code is toothless and is never going to be effective."

"This is a final chance for retailers to get their house in order - if they don't we will fully back any moves towards compulsory reform."

A spokeswoman for the British Retail Consortium said: "We are disappointed that more of our members have not signed up. But the code was only published in May 1995 so it is early days yet. We will be reminding our members that they should apply the code in their stores and expect the figures to improve significantly."

Customers visiting stores are usually wooed by the headline discount on the particular appliance they want to buy. They are then offered extended guarantees on their goods, ranging between three and five years, for an additional sum. The prices of extended warranties can be between two and four times the estimated average repair cost of the equipment over the period of the guarantee.

In most instances, buyers are not told that they could obtain cheaper warranties from the manufacturers. By the time they are contacted by the manufacturer, they have already committed themselves to the store's more expensive product.

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news

Educational standards: System for monitoring independent sector criticised as far-flung outpost fights for survival

Inspections of private schools 'hide failings'

JUDITH JUDD
Education Editor

Inspections of private schools are an exercise in mutual back-slapping and conceal had schools from parents, according to a report published today.

The report from Mike Douse, an international educational consultant and former independent school head, says private schools should be inspected in the same way as state schools.

At present, he says, private schools where classes are out of control and bullying rampant can get a clean bill of health from inspectors. Schools organise their own inspections independently of the Office for Standards in Education (Ofsted) which supervises state school inspections.

Mr Douse's report, commissioned by CIBT Education Services, the largest private contractor for Ofsted inspections, says that an independent school which would have been labelled "failing" in the state system received no major criticism from inspectors.

When he asked four experts to evaluate 20 inspection reports for clarity, consistency and usefulness, two of three independent inspection reports included came bottom and the third came sixteenth.

Mr Douse's report says that, while very many independent schools are very good, "there are many very dubious non-government schools concerning which the community requires better information and prospective

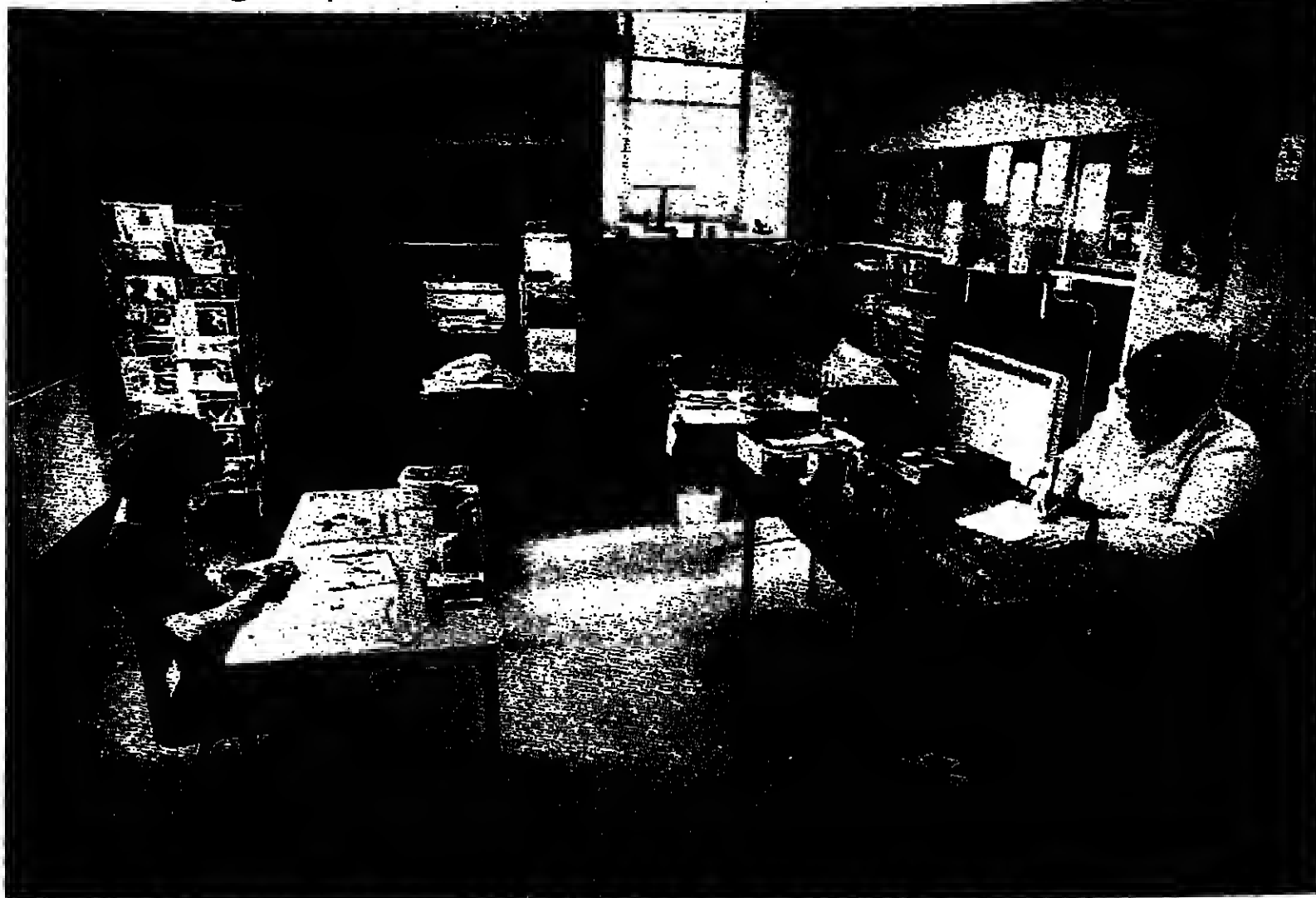
parents deserve fair warning". Private school inspection teams consist of a retired member of Her Majesty's Inspectorate and independent school teachers. Occasionally Ofsted also inspects private schools.

Mr Douse says the inspections are too cosy. "Two senior public school teachers, interviewed separately, each confided to me that, in the inspections in which they had participated, they never came close to setting down anything seriously negative."

The "failing" school, which charges high fees to children of service families and successful businessmen, received a "vaguely favourable" report.

But, says Mr Douse: "Very many of its pupils fail to gain entry to the public schools even of their second or third choice; several teachers are incapable of keeping order, let alone organising and encouraging learning; bullying and other forms of unacceptable behaviour are rampant; and value for money a cheerless joke."

Arthur Heamden, secretary of the Independent Schools Joint Council, which supervises inspections, said: "There is no question of any cynicism about our reports because every inspection team is headed by a former member of HMI who is independent. This HMI leads the team, sets the criteria, makes the judgements and writes the report." They worked closely with Ofsted and took advice from it, and met regularly with the Chief Inspector of Schools.



In a class of their own: Kevin Pepper and teacher Irene Mackison at Graemsey school in the Orkney Islands

Photograph: Ken Armer

Islanders fight to save school with one pupil

JOHN ARLIDGE
Scotland Correspondent

People living on the most remote island in the Orkneys said yesterday they would fight plans to close their school - even though it has just one pupil.

Orkney Islands Council wants to axe Graemsey primary as part of a cost-cutting programme. It costs £45,000 a year. But people on the island say the decision would destroy the local community. Councilors meet today to decide

whether to grant a reprieve. Nine-year-old Kevin Pepper has been attending the school, staffed by one teacher, for four years. He wants to continue his studies there but councilors argue that a new five-day-a-week ferry service, to be introduced later this year, means he can commute to another school at Stromness on the Orkney mainland.

The boy's family, who do not want him to use the ferry, oppose the plan. Michelle Mowat, 32, Kevin's mother, said: "I don't want Kevin to have to go to and from school by boat every day, crossing the Scapa Flow in what can often be horrendous conditions. It's awful."

Kevin's sister, Helen, 12, who goes to a secondary school in Stromness, travels from Graemsey on Monday mornings and returns on Friday afternoons. "She finds it hard travelling just twice a week and often feels very seasick," Mrs Mowat said. "So imagine what it would be like for a nine-year-old travelling by boat twice a day."

Kevin has been receiving lessons alone since September when two classmates started secondary education in Stromness. "I do get lonely at times - especially at playtime because it's pretty boring playing football on your own," he said. "It would be great if a family moved to the island. I'd love to have a friend to play with. I want to stay here. If the school shuts the island will be destroyed."

Ann Sutherland, the island's councillor, said she was "des-

perately worried" about the knock-on effect of closure. "It would kill the island," she said. "What Graemsey needs is new blood. But there will be no hope of attracting new families if there is no school for their children to go to."

Orkney Islands Council said last night that closure was necessary "given the severe financial constraints we have to contend with". Graemsey is one of only two single-pupil primaries in Scotland. The other is at Loch Choire, in Sutherland.

Ann Sutherland, the island's councillor, said she was "des-

perately worried" about the knock-on effect of closure. "It would kill the island," she said. "What Graemsey needs is new blood. But there will be no hope of attracting new families if there is no school for their children to go to."

Ann Sutherland, the island's councillor, said she was "des-

Children follow in parents' footsteps

NICHOLAS TIMMINS
Public Policy Editor

The children of the rich stand a much bigger chance of staying rich, and those of the poor a still larger chance of staying poor than the rest of us, new research published today shows.

And the chances of staying at the top of the income distribution table if your parents are there are appreciably higher than the chance of climbing to the top of the pile if your parents are poor, work from the Institute of Fiscal Studies shows.

The results use the National Child Development Study, which has tracked all children born in one week in March in 1958, measuring their achievements and life chances to the age of 33 compared to that of their parents. The study found that individuals' attainments in education and the labour market were strongly related to their parents' performances a generation previously.

Ability as measured by a maths test at the age of seven, together with educational achievement, proved important influences in whether people did significantly better or worse than their parents. But the study was unable to answer the question of whether such achievements were due to inheriting their parents' abilities or were the result of their family background.

None the less, the son of a father in the top one-fifth of the income distribution was more than three times more likely to end up in the top fifth than in the bottom fifth. And there is a clear "intergenerational transmission of poverty" through unemployment. Those raised in households where the father was unemployed are roughly twice as likely to end up with a substantial history of unemployment themselves. Equally, children of less well-off parents are significantly more likely to end up unemployed than those with better-paid fathers.

Despite that, 5 per cent who made it to the top one-tenth of the income distribution came from families where the father had been in the bottom tenth - and some of those who moved well up the income scale from the bottom did so with no formal educational qualifications. **Two Nations? The Inheritance of Poverty and Affluence.** IPS, 7 Ridgmount Street, London WC1E 3E.

Companies stay off-line

Companies are switching off the Internet because they see it as being of little benefit to business, according to a survey published today.

The global computer network has been hailed by enthusiasts as a communications revolution. But the survey of senior managers at major companies showed that only 35 per cent rated the Internet as an effective business tool.

Many companies with Internet access do not use it, according to Martin Walter, chief executive of the International Visual Communication Association, which commissioned the poll with the elec-

tronics giant Sony. He claimed that "surfing the net" may even be responsible for decreasing productivity because of the time wasted trawling through the on-screen pages.

"Just getting into the Internet can take as long as 45 minutes. We have heard of one or two companies that have actually banned employees from using it in office hours," said Mr Walter.

"The IT [information technology] industry continues to rave about the success of the Internet in revolutionising business and personal communications. However, the reality is very different."

The survey involved telephone interviews with 320 senior line managers of the largest companies by turnover in finance, manufacturing, pharmaceuticals and utilities.

Managers were chosen in equal numbers from marketing, sales training and information technology departments.

Most agreed that visual communications, such as video conferencing and personal computer slides, were important, with 80 per cent saying they wanted to improve this aspect of their operations.

However, only 40 per cent had an overall strategy for providing visual communications.

Campaign targets 'dismal' funerals

NICHOLAS TIMMINS
Public Policy Editor

"A Dead Citizen's Charter" aimed at transforming funerals from an often short, distressing and impersonal experience into an occasion that honours the dead and lets friends and relatives mourn properly, is to be launched today.

It will be accompanied by calls to halt the privatisation of crematoria and prevent the development of big, dominant groups of funeral directors, which the National Funerals College, the author of the charter, says threatens to leave people with even less choice. "The average British funeral is a miserable and disappointing affair," Malcolm Johnson, the college's chairman, said.

"For those who are not well-known figures or members of churches - most of us - the contemporary funeral lacks meaningful symbolism, dignity, adequate time and comfort for those who mourn."

Mourners are "herded into and through chapels on a production-line schedule". This "dismal experience" is likely to cost more than £1,000.

Lack of information and choice and the domination of the funeral market by big firms means that families are forced into making decisions they often regret, the college said, publishing its charter for consultation. Many are not able to resist "the pressures of aggressive entrepreneurs".

Lord Young of Dartington, who founded the Consumers' Association and created the National Funerals College, said the funeral industry had seen a transformation more radical than at any time in its history.

The Co-op alone conducts 25 per cent of funerals and the United States-based Service Corporation International (SCI) has taken over a growing number of funeral directors who trade under their old name but give SCI 15 per cent of the market.

"Local authorities, which own nine-tenths of crematoria, have a vested interest in rushing people through in the shortest time allowed, in order to keep to their budgets," Lord Young said. At the same time, the Department of Environment was encouraging the sale of crematoria to private business, almost inevitably funeral directors.

The charter seeks to establish 24 rights for the deceased and advocates appointing a Funeral Guardian to take charge of all arrangements. Prices should be clear and the ownership of funeral directors declared in advertisements and on the premises. There should be choice over whether the body lies at home, at church or in a funeral parlour.

Clergy should receive more training to conduct funerals whether or not the deceased attended church. Different faiths should be respected, and the limited choice between burial and cremation restored by re-opening old cemeteries and churchyards for burial.



Lord Young of Dartington: 'Funerals rushed through'

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	£25,000 - £49,999	4.5%
	£50,000 and OVER	4.8%
Instant Premium	£500 - £4,999	3.5%
	£5,000 - £9,999	3.8%
	£10,000 - £24,999	4.0%
	£25,000 and OVER	4.2%
Newbury Monthly Income	£2,500 - £14,999	4.0%
	£15,000 and OVER	4.2%
TESSA 95		6.7%
Young Saver	£1 - £499	3.1%
	£500 - £4,999	3.5%
	£5,000 - £9,999	3.8%
	£10,000 - £24,999	4.0%
	£25,000 and OVER	4.2%
Paid up shares		1.4%

Closed Accounts

Product	Rate	Rate
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Cash Extra Interest		3.5%
Tower Account		3.5%
Tower Monthly Income		3.5%
Gross Interest	To £4,999	2.8%
	£5,000 and OVER	3.0%
TESSA (1)		6.2%
TESSA (10)		6.7%

The above rates are variable. Without U.K. Income Tax deducted. "Compound Annual Rate" assuming that monthly interest payments result in the account. "Fixed U.K. Income Tax" The net rate is illustrative assuming income tax at the current rate of 20%. Interest is paid at the net rate after deduction of the basic rate of income tax (which may be reclaimed by taxpayers) or gross, subject to the required registration.

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February's reduction is 0.15% per annum and applies to all C&G variable base rates except base rates 179, 180, 181, 182, 183 and 184 which already benefit from lower rates.

Details of this change have been sent to customers who require written notice under the terms of their mortgage.

For loans in our Annual Instalment Review scheme, the change will be reflected in payments from March 1997.

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8
international

EMU crisis: France and Germany unveil plans to stimulate economies and win support for monetary union

Paris and Bonn set course for 'Euro'

TONY BARBER
Europe Editor

Germany and France yesterday countered growing scepticism about the European Union's planned single currency by unveiling measures to stimulate their flagging economies, create jobs and keep the project of monetary union on schedule.

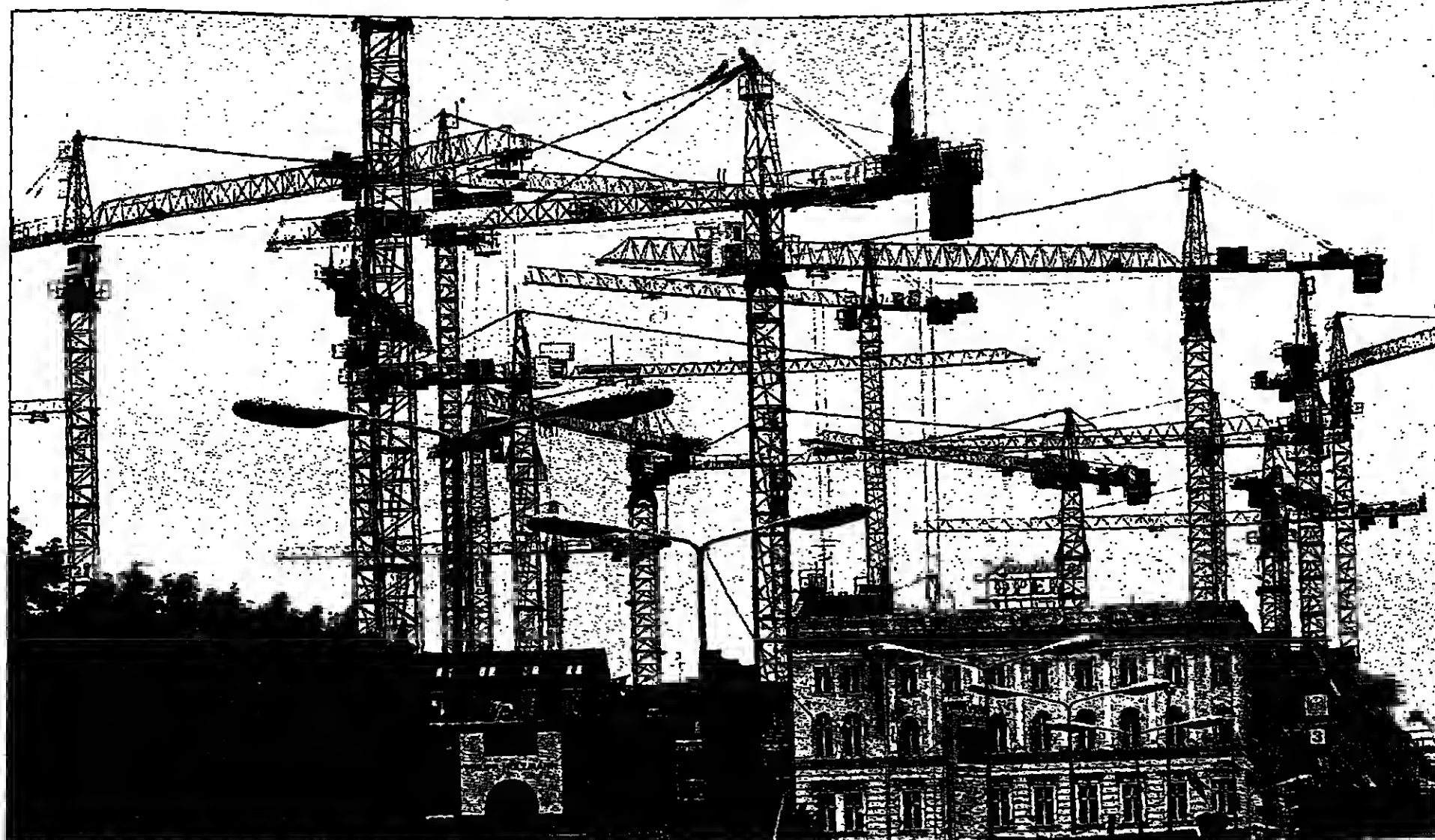
They announced their proposals for economic expansion as the European Commission President, Jacques Santer, worked on a speech to the European Parliament in which he is expected to call today for an EU-wide effort to promote jobs and investment, while reaffirming the January 1999 deadline for starting monetary union.

France, Germany and the Commission are worried that European public opinion is increasingly associating high unemployment and a slowdown in economic growth with the efforts of EU governments to meet the Maastricht treaty's conditions for launching the Euro, the recently named single currency. French and German leaders hope that the measures set out yesterday will boost their economies sufficiently to enable both countries to meet the Maastricht targets and to convince voters of the Euro's merits.

"We believe that this slowdown is temporary and that a rebound in growth must be expected from the end of the first half of this year," said France's Finance Minister, Jean Arthuis.

Although the announcements were made simultaneously in Bonn and Paris, diplomats and economists said the German government had been doubtful about French attempts to present the measures as a grand, co-ordinated initiative to restore Europe's fortunes. The two programmes share the broad aim of breathing fresh life into warring economies, but German officials noted that each country faced distinct challenges and was developing separate responses.

The highlight of the French measures, which were generally modest in scope, was an attempt to increase consumer spending by cutting the interest on the most popular tax-free savings account, the Livret A, from 4.5 to 3.5 per cent. Big



High hopes: A building boom in the Friedrichstrasse, east Berlin, but politicians in former East Germany fear cutbacks before EU monetary union

Photograph: Brian Harris

French banks responded quickly by lowering base lending rates from 7.5 to 7 per cent as of tomorrow, a move that could generate extra economic activity.

The more ambitious German measures, described by the Economics Minister, Günter Rexrodt, as a "vitamin dose" for the economy, involve a variety of business and wealth tax cuts. In addition, there is the DM4bn (£1.8bn) reduction from July 1997, announced on Monday, in the "solidarity surcharge" on income tax - an unpopular supplementary tax designed to raise money for modernising the former Communist east German economy. Chancellor Helmut Kohl's

centre-right coalition government was criticised on three fronts yesterday for cutting the tax surcharge. East German politicians said the measure looked as if the rich west was abandoning the east, still much poorer despite an infusion from the west of hundreds of billions of marks since unification in 1990.

Several big western Länder also opposed the tax surcharge cut, arguing that the federal government was asking them to make up DM3bn of the lost revenues. Meanwhile, opposition Social Democrats accused Mr Kohl's Christian Democrats of introducing the measure in an effort to boost the chances of the struggling Free Democrats.

the junior partner in the Bonn government, in three Land elections in March.

The French and German governments stressed that their renewed drive for growth would not come at the expense of more public spending and bigger budget deficits. In public, at least, German and French leaders remain fully committed to strict adherence to the terms for monetary union, which require participating countries to have a budget deficit of no more than 3 per cent of gross domestic product in 1997.

This target is not proving easy for either Germany or France to meet. The German government's annual economic report, officially released

yesterday, predicted a 1996 budget deficit of 3.5 per cent of GDP, after an unexpectedly high 3.6 per cent last year.

Moreover, the government is forecasting average unemployment this year of 10 per cent and economic growth of only 1.5 per cent, after 1.9 per cent in 1995. Mr Kohl hopes that the new tax-cutting measures, coupled with falling German interest rates, will inject enough dynamism into the economy to enable Germany to qualify for the single currency in 1997.

France's efforts to cut its budget deficit from an estimated 5.2 per cent of GDP last year to 3 per cent in 1997 are being blown off course by a much sharper slowdown in eco-

nomics activity than the centre-right government anticipated. Last autumn it predicted 1996 growth of 2.8 per cent, but the estimates of independent economists range from a poor 1.8 per cent to a sickly 1.25 per cent.

Worse still, unemployment figures for last November and December, due to be published shortly, are expected to show a rise from the 11.5 per cent recorded in October.

All this will put pressure on France's budget deficit by reducing the tax revenues that a government expects to receive when an economy is expanding and unemployment is falling.

Economists believe that, to meet the Maastricht deficit tar-

get, the government will have to redouble the austerity measures which, late last year, provoked France's worst social unrest since 1968. However, as yesterday's announcement in Paris indicated, the government wants to focus its attention as much on job creation and growth as on rigid fiscal discipline.

The problem for France and Germany is that there is not much room for manoeuvre if the Maastricht conditions are treated as sacrosanct. Goldman Sachs, the investment house, forecasts that both countries will miss the deficit target in 1997 - with France at 3.4 per cent of GDP and Germany at 3.3 per cent.

GIs survive Bosnia mine

CHRISTOPHER BELLAMY
Tuzla

A US Bradley armoured troop carrier yesterday became the second Nato vehicle in two days to hit a Bosnian anti-tank mine, but this time the crew escaped injury.

Three British soldiers were killed on Sunday when their Spartan troop carrier hit a mine in the so-called Anvil area between Mrkonjic Grad and Titov Drvar. Their bodies were taken to Split yesterday and will be flown home to Britain at the end of the week.

The US troops were luckier; their vehicle avoided the full force of the blast, losing a track and its right rear wheel. The Bradley was in the "zone of separation", the four-kilometre-wide area between Serb and Muslim-Croat forces 17 kilometres south of Tuzla, when the blast occurred.

The peace implementation force - 1-For - has received records of known minefields from the three former warring sides but not all minefields were recorded, records were lost in the fighting and some of the officers responsible have been killed. The British-led division based at Gorzki Vakuf has received records of 1,975 mined areas from the three sides, and there must be a similar number in both the US and French sectors. "The line of confrontation in this area is really one large minefield," said Major Paul Karonen, a spokesman for the US-led northern army, around Tuzla.

The British, however, face the biggest problem, as in addition to patrolling the zone of separation they are having to prepare the 400-square-mile Anvil for handing back to the Bosnian Serbs. All Croat forces must be out of the area by Monday. But clearing or marking all the mines in the area is an impossible task.

■ Zagreb - Prince Charles will visit Bosnia beginning next Wednesday, AP reports. He plans to meet British troops serving with 1-For in central Bosnia, and to visit the capital, Sarajevo. The prince will also visit Dubrovnik in southern Croatia two days later, a Croatian security official said.

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Yeltsin juggling act: President's men woo Zhirinovsky to rescue prospects of re-election

Kremlin courts far-right bogymen

PHIL REEVES
Moscow

After purging his administration of its top liberals, and his wild bombardment of a Chechen-held village in Dagestan, Boris Yeltsin is trying to persuade alienated supporters, at home and in the West, that he has not become a Dr Jekyll suffering from a particularly nasty dose of Mr Hyde.

Faced with a chorus of criticism, the President has portrayed his hardline conduct as a matter of tactics, the resort of an unpopular leader facing an election that could oust him and return the Kremlin to the Communists. Reforms, he insists, will continue. So the last person you would expect to find him and his associates huddling up is Vladimir Zhirinovsky, maverick leader of the ultra-nationalist Liberal Democratic Party.

although it involves a level of pragmatism that would bring a blush to the cheeks of the most hardened political hustler.

If he decides he is healthy enough to run for a second term since the New Year - Mr Yeltsin's main opponents will be the Communists. They emerged as by far the strongest force in December's parliamentary elections, with 22 per cent of the poll, more than double that of Our Home is Russia.

The President has been seeking to woo their voters away by promising to improve the lot of their core constituents, the tens of millions of Russians for whom free-market reforms have only meant more impoverishment. Recently he waved wads of money at them - vowing to increase pensions and government pay - prompting Western fears that the government is heading for a pre-election spending spree that will play havoc with the economy.



Odd couple: Zhirinovsky (left) had a hit-list of six ministers he wanted out. Yeltsin has sacked five of them so far

December, in the hope that it will also draw votes away from them - enough to ensure that Mr Yeltsin gets into a run-off. Ideally, they would like the run-off to be against Mr Zhirinovsky. Although the ultra-nationalist's madcap antics - which include demanding the annexation of Alaska and promising cheaper vodka - attracted 7 million protest votes, few analysts believe Russians want him in the Kremlin. Mr

Yeltsin's victory, therefore, would be assured.

It is more likely, however, that Mr Yeltsin would be pitted against a Communist, probably the party's leader, Gennady Zyuganov. Should this occur, the Yeltsin camp is likely to press Mr Zhirinovsky to call on his supporters to back the President in the second round.

Evidence of connections between the Kremlin and the ultra-nationalists is - like much in



Russian politics - based on a scattering of details.

Earlier this month the parliamentary leader of Our Home is Russia was caught by a Russian television camera crew with a leading Zhirinovskian aide in the VIP lounge at Moscow's international airport.

Both were off to Switzerland, apparently for inter-party talks. Last week, the *Moscow Times* pointed out that Mr Zhirinovsky had a list of six Yeltsin ministers whom he wanted sacked. Five have since been kicked out. Meanwhile, Mr Zhirinovsky's bloc in the State Duma, the lower house, has been quietly supportive of Mr Yeltsin for several years.

Few analysts appear to dispute that some sort of deal-making is under way. "It makes sense," said Dmitri Trenin, a political analyst with the Carnegie Endowment for International Peace. "It works to bolster the President's chances."

It also offers useful benefits for Mr Zhirinovsky, who knows

he has little chance of victory, and has long been open to behind-the-scenes bartering.

The support of the Kremlin delivers many advantages, not least of which is better access to state-run television - limelight which the theatrical Mr Zhirinovsky adores.

He ultimately wants to be given some government positions," said Mr Trenin. "He wants to use the party in power to give him access to the real decision-making process because that represents money. Zhirinovsky is funded by various interests who think he is a person with power who can do them a lot of good."

Whether such manoeuvring will work remains to be seen, but Mr Yeltsin certainly has a huge task on his hands. The latest opinion poll by the All-Russian Centre for Public Opinion Research put Mr Zyuganov first, with 11.3 per cent. Mr Yeltsin's meagre 5.4 per cent only woo him fifth place.

Tomorrow: Yeltsin and the democrats

IN BRIEF

US university bans positive-bias policy

Los Angeles - The president of the University of California, moving to head off conflict in the nine-campus organisation, agreed to ban all programmes designed to boost admissions of minority students, writes Tim Cornwell. From the spring of 1998, Richard Atkinson announced, UC will no longer use sex or race as a criteria for undergraduate admissions. He had fought a rearguard action to delay the new policy in an escalating confrontation with his governing board.

Ex-president to investigate blood row

Jerusalem - Israel named a former president, Yitzhak Navon, to head an inquiry into treatment of an Ethiopian Jewish community angry and humiliated at the discarding of their blood donations. Mr Navon, a Sephardic Jew, was Israel's first president of non-European descent and held office from 1978 and 1983. The blood controversy continued to haunt Israeli officials after a heart surgeon said on a television chat show that he would avoid operating on Ethiopians for fear of catching AIDS. *Reuters*

Kohl's eastern protégé goes on trial

Berlin - Wolfgang Schnur, Chancellor Helmut Kohl's first political protégé in East Germany, went on trial on charges of betraying legal clients to the Stasi security police before the Berlin Wall fell in 1989. Mr Schnur, who denies informing on two dissidents who were then forced to emigrate, was the lead candidate in a conservative "Alliance for Germany" Mr Kohl brought together for East Germany's first democratic election in March 1990. But his career as a Stasi informer was disclosed days before the vote and he withdrew in disgrace. *Reuters*

Angola peace hopes rise

Luanda - More than 1,000 UNITA fighters were waiting to hand in their arms at UN-supervised assembly camps in two Angola provinces, sparking hopes the country's faltering peace was at last back on track. The UNITA leader, Jonas Savimbi, has promised to disarm 16,500 of his fighters by 8 February, when the UN Security Council reviews its mandate to Angola. *Reuters*

British envoy's residence under fire

Dhaka - Gunmen fired six shots at the residence of the Deputy British High Commissioner in Dhaka, Miss M R McIntosh. Diplomatic sources said one police guard at the residence at Gulshan diplomatic enclave was wounded. British and US envoys have been criticised by opposition parties for what they allege is support for the ruling Bangladesh Nationalist Party. *Reuters*

Priest faces jail over missionary work

New Delhi - A court has ordered a Belgian priest and an Indian nun jailed for six months for converting 94 tribal people to Christianity in a central Indian state. Judge C J Patel said he punished Lousi Birje, 82, and Sister Vriddhi Ekka, 50, for not keeping local authorities informed about their work in the remote Sargunja district of Madhya Pradesh state. The two are on bail and plan to appeal against their conviction. *AP*

Diet of trouble

Bangalore - Nearly 100 farmers broke through a police cordon and smashed up a Kentucky Fried Chicken outlet, demanding that the fast-food chain leave India. India's first Kentucky Fried Chicken outlet ran into trouble soon after it opened last June, when a nationalist farmers' organisation protested that its food was un-Indian and unhealthy. *AP*

Old Australians for the Old Country

Sydney - Many mainly elderly protesters took to the streets in support of the monarchy. Police said 15,000 people, many of them flag-waving grandparents, turned out for a rally which coincided with the departure from office of the Queen's representative in New South Wales, Peter Sinclair, a retired admiral. *AP*

Gays to have marriage-type ceremony

San Francisco - Gay and lesbian couples here will be able to seal their relationship with a symbolic marriage-like ceremony. The governing Board of Supervisors voted 10-0 for an ordinance authorising the county clerk or a deputised representative to perform a civil ceremony with "marriage-like vows" for couples who register with the city as domestic partners. *Reuters*

RUPERT CORNWELL
Washington

Despite reassuring words from both sides, the visit here by the Russian Prime Minister, Viktor Chernomyrdin, has left the Clinton administration more confused than ever over its policy towards Moscow, above all, over its attitude to President Boris Yeltsin. Mr Yeltsin's health and reformist credentials are equally under question, five months before Russia's presidential elections in June.

After co-chairing this week's regular session of the US-Russian co-operation commission with Vice-President Al Gore, Mr Chernomyrdin yesterday met President Bill Clinton, promising Moscow would continue on the path of "reform", but warning that "certain corrections" were necessary.

It is these "corrections", how-

ever, which concern the administration as it debates whether it should still support Mr Yeltsin. Some advisers take that view, arguing that the sackings of economic reformers from the government, and even the brutal Chechen campaign, were dictated by Mr Yeltsin's need to shore up his position among conservatives before an expected announcement that he will stand for re-election.

Other administration officials insist Mr Yeltsin is simply too erratic, too discredited and unwell, and that Washington ought to throw in its lot with genuine reformers such as Grigory Yavlinsky, candidate of the liberal Yabloko party in the June vote.

The uncertainty has spread to the International Monetary Fund, where problems have unexpectedly arisen with a new \$9bn (£6bn) credit line that

Moscow has been negotiating to consolidate its move to a market economy.

Yesterday Mr Chernomyrdin held separate talks with the IMF managing director, Michel Camdessus, to iron out the difficulties. According to the Russians these surround the conditions attached to the credit. In fact they have been caused by the lurch away from reform, including delays in privatisation programmes on which the IMF has insisted.

Washington now faces the dilemma it confronted six years ago, as former president Mikhail Gorbachev lost his grip on the dying Soviet Union: whether to stick with a familiar leader (as by common consent it did for too long in the case of Mr Gorbachev), or seek an alternative.

This time, all that US officials agree on is that the most prob-

able alternatives, the Communists under Gennady Zyuganov, or the ultra-nationalist Vladimir Zhirinovsky, would be worse. To complicate matters, they know well that in the current climate in Russia, overt backing for Mr Yeltsin or any other "reformist" would be more of a hindrance than a help.

Hence there is extreme caution on both sides. "The market reforms will continue," Mr Chernomyrdin assured Mr Gore, before adding that the Yeltsin government would be making "some corrections in the social sphere".

The response from the State Department was equally laconic. The Russian Prime Minister's warning was "not ominous in any way", a spokesman said, before refusing to comment on the latest economic policy decisions taken in Moscow.

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international

Samper defies clamour for his 'dignified exit'

PHIL DAVISON
Latin America Correspondent

Colombia's Congress went into emergency session yesterday to tackle a growing crisis over allegations that President Ernesto Samper took millions of dollars of the Cali cocaine cartel's money to finance his 1994 election campaign.

Amid increasing calls for Mr Samper's resignation, and even his arrest, members of the Senate and House of Representatives interrupted their holidays in an attempt to find "a dignified exit" for the President. Mr Samper denies knowledge of drug money and refuses to resign.

"We have to give Samper a way out," said Senator Eduardo Fiano of the opposition Conservative Party. His remark appeared to reflect the views of most of the country's political establishment, which is not so much shocked by the allegations against the President as concerned over a power vacuum in a country where drug lords wield widespread influence and Marxist guerrillas control large areas.

Some Colombian political commentators fear Mr Samper will retreat into a new populism, appealing to the masses and blaming the United States for his demise. It is an open secret in Bogotá that the administration of President Bill Clinton has been trying to undermine Mr Samper for the past year, convinced he had ties with the Cali cartel.

Many Colombians fear such a move by the President could return the country to the political polarisation of the 1930s, a period known as *La Violencia* (The Violence) in which at

least 200,000 people were killed in feuding between Conservative and Liberal Party supporters. Mr Samper is a Liberal.

Even Mr Samper's own party has failed to rally behind him. Its eight national leaders issued a statement on Monday saying he should be investigated but he presumed innocent in the meantime.

The latest attack on Mr Samper's credibility came yesterday when a newspaper published a letter, apparently signed by cocaine barons, saying they had



Ernesto Samper: denies being backed by drug lords

given Mr Samper cardboard boxes full of cash during his election campaign. The letter was signed "The Extraditables," a name formerly used by the Medellín cocaine cartel in its communications with the authorities.

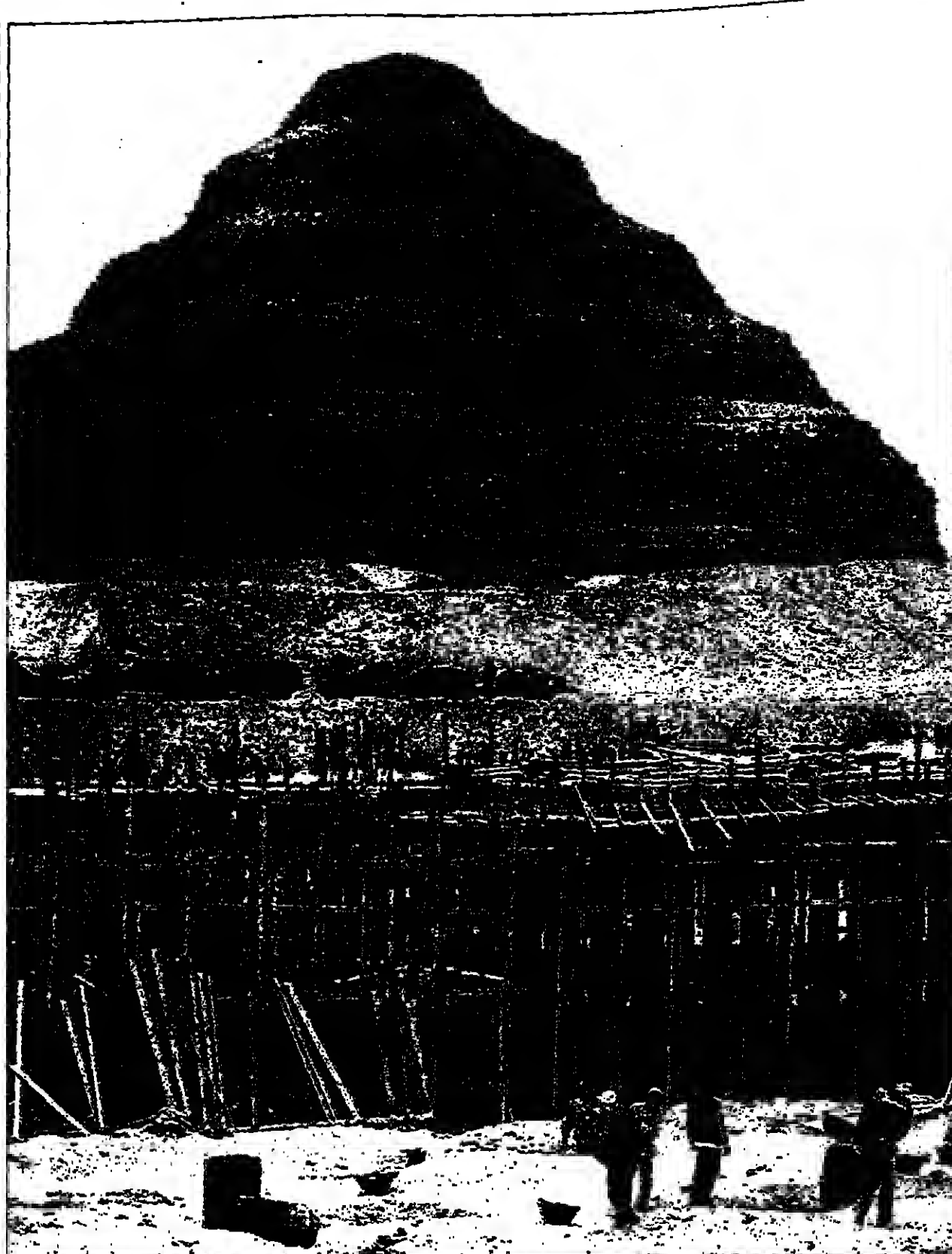
The drug lords coined the term at a time when Washington was pushing for their extradition to face drug-smuggling charges in the United States. The drugs cartels' influence, and no doubt, money, won the day and extradition was banned under a change in

the Colombian constitution. Some Colombians expressed doubt that the Cali cartel would use the same term used by its former Medellín rivals. The Medellín cartel has faded since police killed its leader, Pablo Escobar, in 1993. But editors of the influential daily *El Tiempo* said they believed the letter had been written by the jailed Cali bosses, the brothers Miguel and Gilberto Rodríguez Orejuela.

"We declare that we turned over to Mr Ernesto Samper cardboard boxes of money to finance his campaign," it said.

The latest crisis began last summer when Mr Samper's former campaign treasurer, Santiago Medina, said millions of dollars had been handed over in gift-wrapped cartons to the campaign. When Medina was jailed - since reduced to house arrest - it was a question of his word against the President's and Mr Samper stood firm.

Earlier this month, however, the President's former campaign director and Defence Minister, Fernando Botero, echoed Medina's charges and went further, saying Mr Samper knowingly received cocaine money and later launched a cover-up. Mr Botero, son of the renowned sculptor of the same name, was speaking from jail, where he is being held during investigation of the campaign's funding. Mr Botero admitted wrongdoing but said he learned of drug money only during the final 10 days of the campaign and then kept quiet to prevent a constitutional crisis. He is assumed to have cut a deal with prosecutors before breaking his silence earlier this month.



Past imperfect: A part-built museum mars the view of the 4,600-year-old Djoser step pyramid, south of Cairo. The Egyptian government yesterday gave orders for the building site to be cleared to prevent damage to nearby ruins

Alaska poll hits Dole's morale

RUPERT CORNWELL
Washington

Bob Dole, once the unassailed Republican frontrunner, suffered another setback in his attempt to win his party's presidential nomination yesterday as he came a distant third in a non-binding preference vote in Alaska, despite virtually unanimous backing from the state's party hierarchy.

In terms of convention delegates, the outcome means nothing: only 10,000 votes were cast. But it will damage morale in the Dole camp a week before the first serious candidates' confrontation in Louisiana and less than a fortnight before Iowa holds the caucuses that start the election season.

The winner of the Alaska straw poll was the conservative commentator, Pat Buchanan, with 33 per cent, followed by Steve Forbes, the publishing magnate who is fast emerging as Mr Dole's possible nemesis, with 31 per cent. Mr Dole, who did not personally campaign, scored only 17 per cent.

With Iowa and the crucial New Hampshire primary fast approaching, the aura of inevitability around the Senate Majority Leader's candidacy has vanished. One factor was his dismal response to President Bill Clinton's State of the Union address last week; a second was relentless advertising by Mr Forbes. Most important is the impression that at 72, he is the wrong man at the wrong time.

In New Hampshire the omens are worrying. One survey showed his lead over Mr Forbes slipping from 17 to 11 per cent. On Monday one poll put Mr Forbes ahead, by 29 to 24 per cent. Mr Dole has accused the liberal media of favouring Mr Forbes, whose fortune is put at \$450m (£300m). Or maybe, Mr Dole said, "He owns stock in all those networks."

War scribes' old haunt rises from rubble of a nightmare past

Just when you thought it was safe to go back to Beirut ... the Commodore has returned.

Event hardened scribes might cringe at the memory: the filthy rooms, the sweat-soaked bar counter, dingy corridors, the lavatories that wouldn't flush, and bills of epic proportions.

How did so many male journalists work in the wretched place, let alone smoke so much dope, drink so much booze and seduce - or attempt to seduce - so many women? While the Sarajevo Holiday Inn is the latest in a mythic line of war reporters' retreats, I always thought it would be difficult to shake off the nightmare of the old Commodore.

Not so, it seems. For the new Commodore is a quite different beast, one that has almost self-consciously altered its shape to forget the past: automatic doors, card keys to enter the bedrooms, a computerised switchboard and digitally-controlled lifts. The Lebanese Boubes family, which has some Syrian roots and has bought a 25-year contract from the Kuwaiti owners to run the Commodore, has turned the old hulk into the starship *Enterprise*, all marble floors and columns. The seamy "Casbah" nightclub, where gunmen and whores once pawed each other beside the gambling tables, has been turned into an underground conference chamber with translators' booths. The darkness of the old Chinese café, where journalists once told their long - and usually fictitious - war stories, is now a Japanese restaurant, complete with wooden warriors, a flowing river crossed by a wooden bridge and four goldfish.

The Boubes family won't name a figure but it cost around \$20m (£13m) to get rid of the nightmare past. And - thanks be to the gods that watched over us in the days when Israeli shells crashed around (and, on one occasion, into) the old Commodore - there is no parrot. Ah, the parrot. Suicide should be contemplated if that

wretched story should be retold - as it assuredly will when the scribes return for just one more drink. The parrot, they will write, could whistle like an incoming shell and mimic Beethoven's Fifth Symphony. The parrot went missing, they will tell readers, when the old Commodore was wrecked by Druze and Shia gunmen in 1986. And they will recount how they vainly raised reward money for the bird's return. And when the staff who had befriended the journalists were summarily dismissed,

BEIRUT DAYS

those same reporters ignored their suffering, preferring instead to lavish their putative generosity on the parrot. This moral discrepancy will be missing, of course, from their forthcoming stories.

But come back they undoubtedly will, to stay in the \$130 rooms or, more likely, the \$240 suites, to swagger into the only symbol of the past - a brand-new "News Bar", its awful wall-to-wall carpeting illustrated with the front pages of the newspapers that once poured so many dollars into the

hotel's dreadful predecessor. Not one of the old hotel staff works at the Commodore now; for the official opening in a few days' time, a Sudanese doorman in gold-fringed blue uniform will greet bow-tied guests.

Of course, images linger. Here stood the front door where the AP's Gerry Labelle was nicked by a ricocheting bullet when he slipped out of the bar to check the office news wire. Here was the spot where Terry Anderson sat at New Year's Eve dinner less than three months before kidnappers took him away for a seven-year stretch in a basement. Here stood the reception desk where an NBC television producer

was presented with a phone bill to the United States slightly larger than the cost of a first-class return air ticket to New York. Here was the bedroom ... But no, some memories are best left in the hundreds of tons of rubble that Samir Boubes, the half-British son of the hotel's proprietor, has hauled out of the old Commodore.

He acknowledges he is pleased that the new Commodore does not resemble the old. "The internal walls of our Lebanese restaurant are made of Aleppo stone, the furniture, heating system, kitchens and laundry are American; we've totally rebuilt the place," he said. "We're a centre-of-town hotel

and we're looking for businessmen to stay here. We may get a few journalists but I don't think we'll get that many - I'm not that pessimistic."

And at least there'll be no parrot, I add. But a strange expression crosses Samir Boubes's face, a mixture of discretion and palpable concern. "Well, not quite," he said. "We had so many people talking to us about the bloody parrot that ..." And here there was a moment of silence as the young man reflected upon the impact of his words. "Well, we're going to get a parrot."

Reader, I fied.

Robert Fisk

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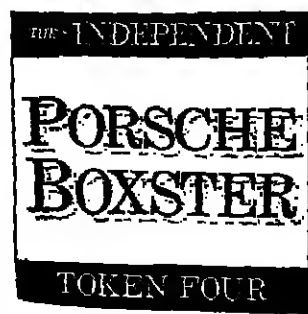
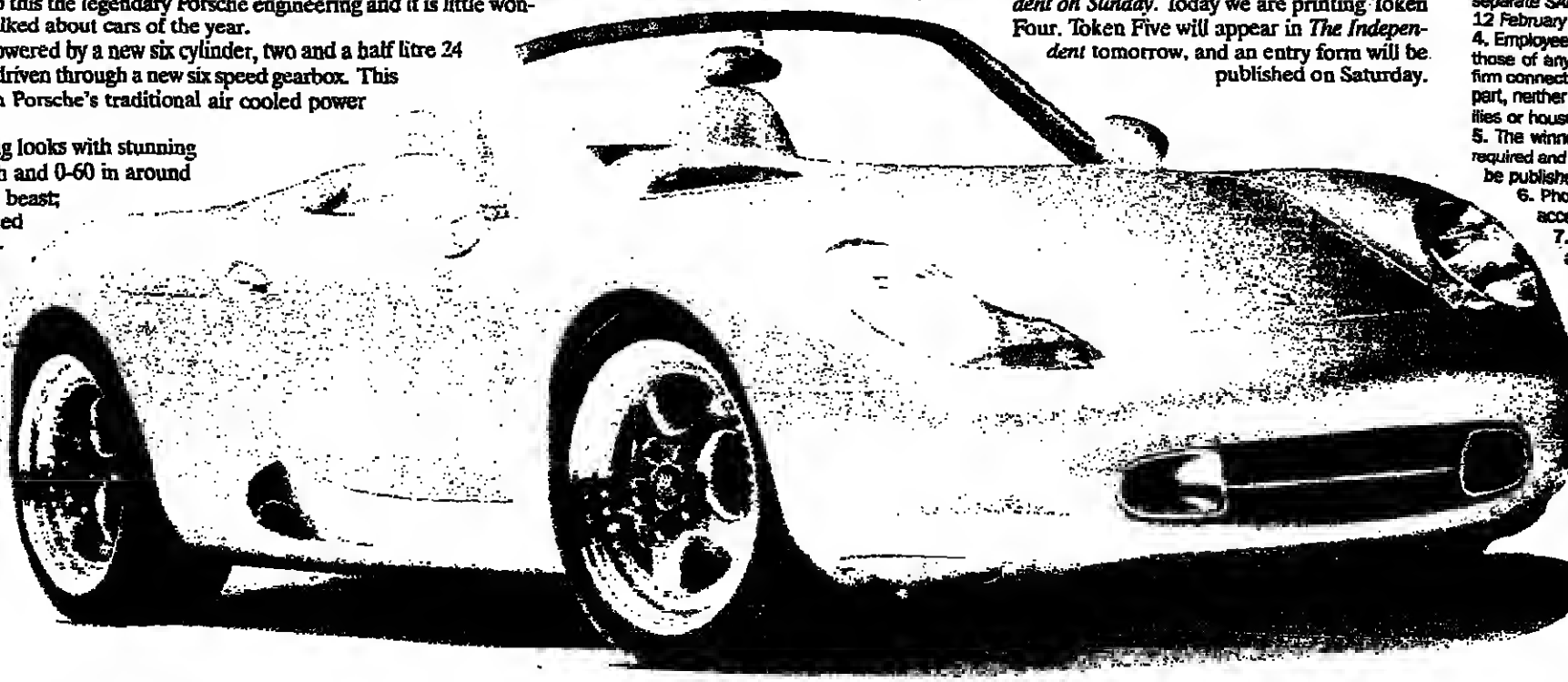
A genuine two seater sports car, the Boxster's retro body styling and fine detail combine for a visually stunning car. Add to this the legendary Porsche engineering and it is little wonder that this is one of the most talked about cars of the year.

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The production Boxster may differ slightly from the prototype shown here but it is sure to be a real head-turner.

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Rules:

1. To enter our Porsche Boxster prize draw you need to collect five differently numbered tokens from the eight we will be printing (one of which was a starter token which can be used as any number).
2. The closing date for entries is 23 February 1996. Send to: The Independent/Porsche Boxster Prize Draw, PO Box 250, Welwyn Garden City, Hertfordshire AL7 1TU along with a completed entry form which will be printed on Saturday 3 February.
3. For previously published tokens or an entry form send a SAE to: The Independent/Porsche Boxster, Token Request or Entry Form, PO Box 88, Welwyn Garden City, Hertfordshire AL7 1TU. Only 2 tokens are available per application. If you require both tokens and a form, please send separate SAEs. Requests must be received by first post 12 February 1996.
4. Employees and agents of Newspaper Publishing Plc or those of any other national newspaper company or any firm connected with the promotion are not eligible to take part, neither are their relatives nor members of their families or households. Entrants must be aged 18 or over.
5. The winner must co-operate for publicity purposes if required and accept that his/her name and photograph will be published in the paper.
6. Photocopies of tokens and entry forms are not acceptable.
7. The promoter reserves the right in their absolute discretion to disqualify any entry or competitor, nominee, or to add to, or waive any rules.
8. No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt. The promoter will not take responsibility for entries lost or damaged in the post. The Editor's decision is final.
9. The competition is open to residents of the UK and the Irish Republic. The prize will be as stated, with no cash alternative. The Editor's decision is final.
10. The Porsche Boxster should be available in November 1996, but is dependent on production dates.

Promoter: Newspaper Publishing Plc, One Canada Square, London E14 5DL

Vietnamese refugees: Twenty years after the harrowing exodus, UN makes deal to end the saga

Pressure mounts on boat people to go home

STEVE CRAWSHAW

"Boat people, n.pl. refugees, esp. from Vietnam, who set off in boats to find a country that will admit them."

It is rare for a regional humanitarian crisis to have such an impact that it gives rise to a new entry in the dictionaries.

But the boat people were different from the start. Their agonising drama shook the world. Now, 20 years on, the era is coming to an end. Willingly or not, the remaining 40,000 boat people are about to go home.

The tale of the boat people began with tragedy, mixed with lashings of Western guilt. After the Communist victory in South Vietnam, hundreds of thousands piled into boats in search of a new life. On the open seas they were prey to pirates and sharks; tens of thousands are reckoned to have died.

Their immediate destinations were less than welcoming. Mahathir Mohamad, Malaysia's Prime Minister, who was then home minister, said it would be necessary to shoot on sight. Bizarrely, in response to international outrage, this was claimed to be a mishearing; according to the sanitised version, he was alleged to have said "shoot on sight". "Push-back" became a standard policy.

Western countries, especially the United States, where many were ashamed of waging the war, losing the war, or both, were embarrassed at seeing Vietnamese brutally driven back. But they gaged at the thought of allowing ever-increasing numbers to arrive.

Instead, it was agreed that the boat people would stay temporarily in the "countries of first asylum", until their applications had been processed, or until they could be persuaded to return home.

At the end of the 1980s, partly because of less stringent controls inside Vietnam, the trickle turned once more into a flood. In 1989 a comprehensive plan of action (CPA) was created, which sought to bring the problem under control.

Attempts to repatriate the boat people were fiercely resisted. In Hong Kong, which has 20,000 Vietnamese, by far the highest share of the refugees, there have been riots.

In the West there was much

quiescence over harrowing pictures of Vietnamese families behind barbed wire. But the United Nations agency for refugees, the UNHCR, remains unwilling to be critical. "The UNHCR is opposed to the use of force... But these are illegal immigrants who are being deported," emphasises Ruth Marshall, UNHCR spokeswoman in Geneva. The UNHCR regards them as "economic migrants" and is confident there will be no persecution of those who return.

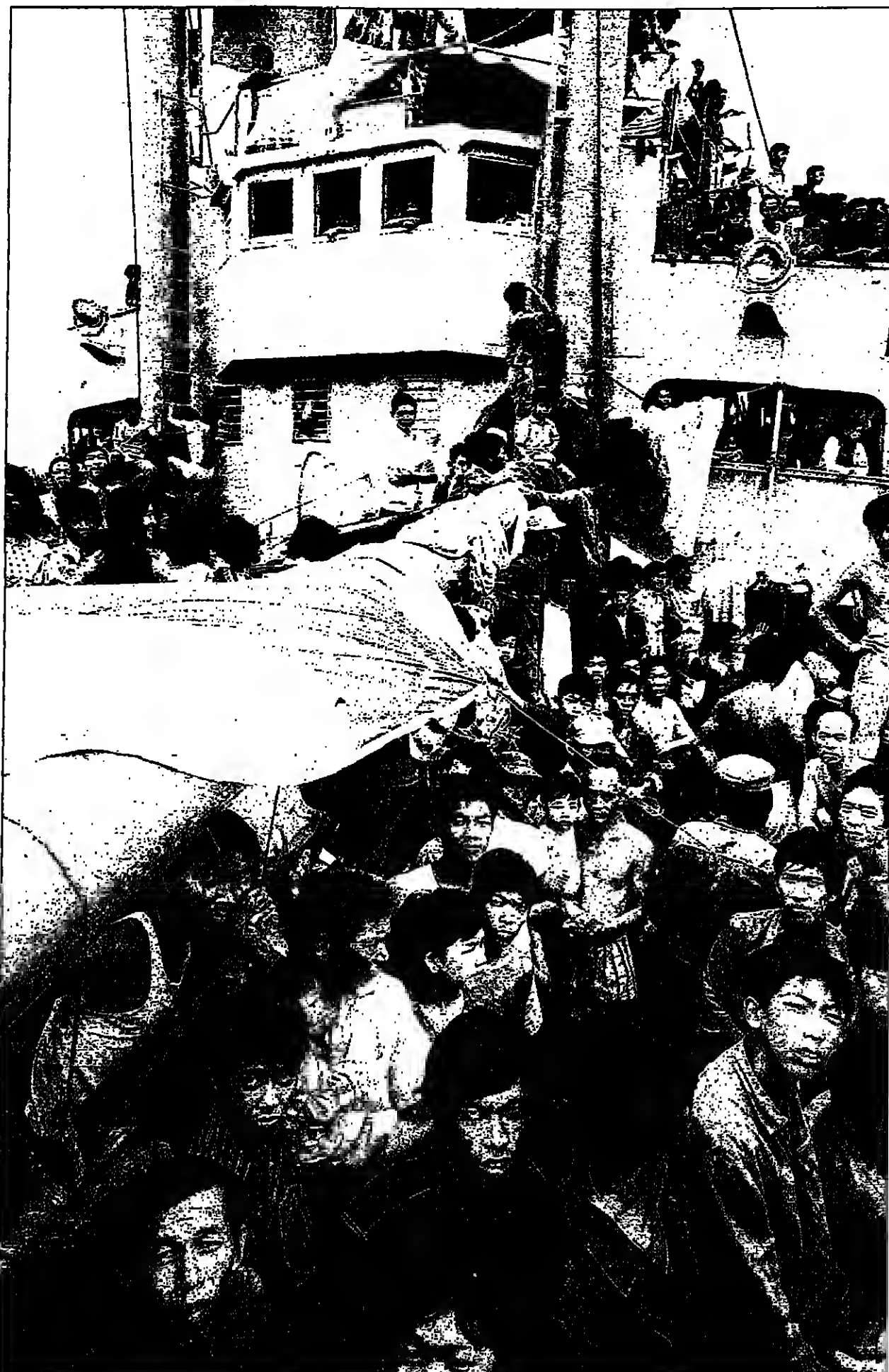
For years, the Americans were reluctant to be involved in forced repatriation, to the irritation of countries such as Britain, which believed the problem could long ago have been solved if not for American concerns. In theory there is still a deadlock, as the Republican-led Congress still wants to second-guess UNHCR's screening of would-be refugees.

In practice the returnees seem to have few choices left. A meeting hosted by UNHCR in Bangkok this month agreed the camps will be closed down by the end of June; Hong Kong, with its more than 20,000 boat people, gets 12 months' extra grace. (China, with an eye on next year's handover, has talked of Britain's "unshirkable responsibility" for solving the problem.) A meeting in early March is due to finalise the deal that was agreed in Bangkok.

The deal became possible partly because of a new sense of determination at the UNHCR, which was worried about its involvement in what it sees as an expensive anomaly.

Equally importantly, Vietnam has, in the words of one Hong Kong official, "stopped playing hardball". With its rapidly developing economy, Vietnam wants good relations with its neighbours. It joined Asean, the Association of South-East Asian Nations, last year. Even now it is unclear how it will absorb 40,000 returnees. None the less, it is keen to earn brownie points. The pill is sugared by what the UNHCR describes as a "financially favourable" package: an average annual income (around £230) for each man, woman and child who returns.

Officially everybody is playing down the suggestion of forced repatriation. But the



Bid for freedom: Refugees from Vietnam crammed into an old ship. The Communist takeover triggered an exodus of several hundred thousand people, the last of whom must now go back

reality is different: whoever refuses to jump will be pushed. In Malaysia, which still has about 4,000 boat people, one man died and many more were injured in protests this month against the decision to send

them home. Indonesia, Thailand and the Philippines still have many thousands who will have to go. A small number have begun to return home voluntarily. However, in the words of

Court Robinson, a Bangkok-based academic who has studied the problems of the boat people for years: "People have realised that the US will not be riding in on a white charger. This is real, this is it."

It seems unlikely everybody, in Mr Robinson's words, will go "meekly to the plane". But the story of the boat people, lost in a limbo between their homeland and their hoped-for destination, seems finally to be over.

Aegean islets row bemuses big powers

HUGH POPE
Istanbul

Grey frigates, sleek coast-guard cutters and roaring warplanes yesterday circled a small rocky outcrop in the Aegean Sea that an increasingly strident Greece and Turkey were still each claiming as its own.

More telling, perhaps, were the bookloads of journalists and helicopters with camera crews, since this latest Greek-Turkish crisis appears to be as much a product of media hysteria as any insecure nationalist posturing by the new government in Greece or the caretaker administration in Turkey.

After a freelance "war of the flags" last weekend between the two countries asserting their sovereignty to the islets known as Imia in Greek and Kardak in Turkish, a new dimension was added on Monday when Greece landed uniformed men with rifles.

"They must pull down their flags, withdraw their soldiers and we must sit down and talk about the future of these islands," the Turkish Foreign Minister, Deniz Baykal, said.

In Athens, the Defence Minister, Gerassimos Arsenis, said: "We do not want an escalation of the crisis. If the other side is sincere and also wants de-escalation, it should remove its [military] presence from the area, from our waters, from our air space."

Mr Baykal said there were about 1,000 rocks in the sea whose ownership had been left "unclear" after the Dodecanese archipelago in the south-east Aegean was ceded to Greece from Italy in 1947. Talks on these "outcrops" were started

and abandoned in 1953, he said.

Although Turkish leaders such as the caretaker Prime Minister, Tansu Ciller, have started insisting that the outcrops are Turkish territory, they seem to be aiming for a mutual agreement that neither should actually own them.

The outcrops, about halfway between the nearest Greek island and Turkey's Bodrum peninsula, are uninhabited except for occasional visits by picnickers on summer boat cruises. For decades, if not centuries, they have been peacefully used by both sides. The Greeks say they have had unrestricted access for the long-haired black goats that can be seen fleeing the downwash from helicopter rotors. Boats from the Turkish mainland fish the seas all around.

There was never any objection, nor any problem with ships using the islands as a transit route. "Mr Baykal told Turkey's ATV television. He said the United States was putting pressure on its two Nato allies to stop their row. Russia, which has historically close ties with Greece, "could not but be worried about the situation", a foreign ministry spokesman said in Moscow.

The truth is that as many people find satisfaction and profit in Turkish-Greek rows as are hurt by them. As a former KGB departmental chief told a Turkish newspaper last month of the former Soviet goals: "Our policy was to create discord, as much as possible, between Turkey and Greece, by using the Cyprus problem or any other problem... we wanted them always to be in conflict."

Critics drive German conductor from Prague

Gerd Albrecht, the controversial German conductor, yesterday stormed out of his job with the Czech Philharmonic Orchestra, contending he had been the victim of blatant anti-German sentiment, writes Adrian Bridge.

Mr Albrecht, who in 1993 became the first non-Czech ever to lead the orchestra, said the artistic merits of his work had never been fairly acknowledged by the Czechs and that he felt squeezed out as a result of "political narrow-mindedness".

His dramatic departure, which caps months of tension, underlined the continuing prickliness of Czech-German relations, still badly scarred by the Second World War. In an iron-

ic twist, Mr Albrecht said he had originally taken on the job out of a desire to improve bilateral relations. But he acknowledged that his period in Prague had instead served to fuel bad feelings on both sides.

Czech officials tried to play down the resignation, insisting that it was essentially a question of personalities. President Vaclav Havel said he was sorry that what should have been "artistic problems" had been turned into a political issue but added, "it is not our fault".

Mr Albrecht, who is also director of the Hamburg Opera, found international acclaim but was never warmly received in Prague, where critics often described him as second rate.

Second lawyer quits Amir case

PATRICK COCKBURN
Jerusalem

"Your negligence, the way you are handling the defence of the accused, is absolutely scandalous. Why are you looking at me with cow eyes?" asked a furious Judge Edmund Levy of Jonathan Ray Goldberg, the lawyer defending Yigal Amir.

Judge Levy later withdrew the "cow eyes" remark, but in the three days since the trial of Amir for the assassination of Yitzhak Rabin began he has intermittently exploded in anger at the incompetence and wrangling of the defence. At one moment he shouted in exasperation at Mr Goldberg: "I have spent sleepless nights going over the evidence. I don't understand why you are not well versed in the evidence."

One explanation could be Mr Goldberg's uncertain grasp of Hebrew. An extreme right-winger who emigrated from Houston, Texas, seven years ago, Mr Goldberg wears a black

skull cap, lives in a West Bank settlement and has a shaky knowledge of Israeli law. Since the trial got properly under way on Sunday it has become clear that Amir himself, once a law student at Bar-Ilan university outside Tel Aviv, has a better grasp of the law than his lawyer.

The Israeli authorities were keen from the beginning that the trial in Tel Aviv should not turn into a platform for Amir to express his views. There was also fear that with a good lawyer he could somehow divert attention from his earlier admissions of guilt and orchestrate a courtroom drama like the trial of O J Simpson in California.

There is no danger of that. The first days of trial have produced soap opera and not drama. Apart from the unhappy Mr Goldberg, two of Amir's lawyers have dropped the case. The latest casualty is a court-appointed lawyer, Avraham Pachter, who lasted for less than 24 hours. He said yesterday that he decided he could not run the defence after speaking to Amir for an hour late on Monday night.

"There is a conflict of interests between my conscience and the ideological case he wanted to present," Mr Pachter said yesterday. "He wanted to use the trial as a platform for his ideological views." The day before, Mordechai Ofri had



Amir: Has a better grasp of the law than his lawyer

also dismayed Judge Levy by resigning, saying he did not have control of the case. He may have been referring to the influence of a Canadian millionaire, Sam Spodak, who is sponsoring the Amir defence.

Mr Ofri said there was difficulty in obtaining the services of expert witnesses, all of whom refused to work with the defence. The only one of the experts who agreed to see Mr Ofri would only do so at his home after midnight so his partner would not find out. Judge Levy even offered to pay Mr Ofri out of state funds to stay on. When he refused the judge said: "You managed to drive even me up the wall. I am accustomed to other standards in the courtroom."

All this is diverting attention from Amir's somewhat contradictory defence. At the start of the trial he said he wanted to cripple, not kill, the Prime Minister, but he has also tried to justify his crime ideologically and has shown pride in his technical efficiency as an assassin.

Optimism grows for N-test ban

Geneva (Reuters) — France's decision to end its nuclear testing programme should build momentum towards the agreement of a treaty this year that would ban underground blasts for ever, negotiators at the Disarmament Conference in Switzerland said yesterday.

President Jacques Chirac announced on Monday that France had completed its nuclear tests in the South Pacific after a series of six underground explosions that provoked worldwide protests.

"I'm sure his announcement will be helpful," one Western ambassador to the conference said. But many delegates remained critical, maintaining that the series of blasts at Mururoa and Fangataufa atolls should not have been undertaken in the first place.

The 38-member forum hopes to conclude its two-year negotiations for a Comprehensive Test Ban Treaty (CTBT) in the next few months so that a treaty can be opened for signature by September. President Bill Clinton called last week for the conclusion of a draft pact for the consideration, by June, of the UN General Assembly. Washington has observed a testing moratorium since 1993.

The Disarmament Conference will meet in plenary session tomorrow. Concero is likely to be voiced over a Chinese foreign ministry statement yesterday that China's programme of underground tests would continue until the CTBT comes into effect. Negotiators said that China will have to fall into step with the other four declared nuclear powers — Britain, France, Russia and the US — before a CTBT can be pieced together.

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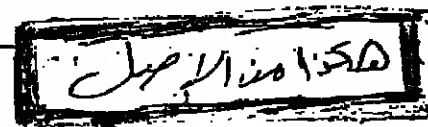
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J. J. Cohn

Lord Justice Auld and Lord Justice Tuckey agreed.

Ying Hui Tan, Barrister



2 August 1990 Iraq invades Kuwait.
Late December 1990 Troop inoculation begins.

17 January 1991 Operation Desert Storm begins with aerial bombing.
24-28 February 1991 Ground war.

23 June 1993 First reports of UK sufferers.
20 July 1993 Defence Minister Jeremy Hanley asks sufferers to come forward.

24 April 1994 Government announces it is not prepared to pay compensation to more than 500 alleged victims.
June 1994 US announces it will compensate sufferers.

7 November 1995 Commons defence select committee condemns government reluctance to investigate syndrome.

30 January 1996 British government inquiry into syndrome announced.

1990

1991

1992

1993

1994

1995

1996



The war that never ended

The Gulf war syndrome inquiry launched yesterday is just one stage in a battle that will last for years says **Rebecca Fowler**

Paul Ash spent weeks on the front line in the Gulf war. He was 22, married, outgoing, popular with his mates. Paul Ash and his comrades in the Fusiliers had gone to Saudi Arabia "full of pride" to bring down Saddam Hussein. They had trained for weeks; they were keen for action. The possibility that their worst nightmare might come true, that they might be attacked by chemical or biological weapons, did not shake their resolve.

More than 50,000 British servicemen were immunised against anthrax, mustard gas and bubonic plague. Five years on, thousands of British and American soldiers who served in the Gulf claim they are living through another nightmare, one they were never prepared for: Gulf war syndrome, the mysterious condi-

tion whose symptoms vary from motor neurone disease and cancer to a skin rash. Paul Ash has become listless, moody, aggressive and withdrawn.

The syndrome has apparently blighted the lives of 740 ex-service personnel. Those who believe in the condition say 15 have died from it. Recently, it appears to be affecting the children of servicemen - many have been born with deformities.

After three years of pressure from the victims, the Government announced yesterday that it would support an investigation into the syndrome. For the veterans it was better late than never. But why has it taken the Government so long to take seriously an affliction that has devastated the lives of so many? Is it healthy scepticism about the causes of the condition, or has there been a cynical attempt to silence the campaign and avoid

tarnishing the legacy of the war? After every war there are hundreds of servicemen who suffer from trauma and psychological illnesses. Within any large group of people some premature deaths would be normal. Yet according to Gulf war syn-

'The MoD are frightened to say that the war wasn't a success'

drome campaigners, something more sinister began to appear once the soldiers got back to normal life. At first, a handful reported cases of nausea, diarrhoea, breathing difficulties. Then the list began to grow and the condition worsened.

The Government refused to accept the possibility that the syndrome existed until yesterday. Nicholas Soames, the armed forces minister, was insisting last year that the veterans' claims were "a mixture of unsubstantiated rumour [and] incorrect information", a claim repeated by John Major.

For sufferers, the Government response has been viewed with something more profound than disappointment. Campaigners saw it as squarely within the MoD's tradition of disregarding the plight of hundreds of individuals who had risked their lives for their country. Paul Ash is bitter. "The MoD are too frightened to say that the Gulf war wasn't a success because it poisoned its own troops."

The contrast with the way that the United States has dealt with victims is stark. American

experts stress the mysterious nature of the illness as much as their British counterparts, yet in the US \$5m has been ploughed into research into the condition that has affected more than 10,000 of the 700,000 US troops who served in the Gulf. The Clinton administration also agreed to compensate victims while further investigations were undertaken into their illnesses.

According to Colonel Terry English, controller of welfare for the Royal British Legion, the US was anxious from the outset to be sensitive to the fate of its returning heroes. "The Ministry of Defence was very reluctant to recognise this condition. They said the original number affected fell within the amount you would expect to fall ill from that size of population. Part of the American response is in their culture. They are still very aware of the problems they

faced over the treatment of veterans after Vietnam, and they are determined to get this right."

Although the announcement of yesterday's inquiry, which will work in tandem with American research, was welcomed by the veterans, most remain cynical of the Government's role. Many believe that the Government's hand was forced by the recent focus on the 60 affected offspring of the victims. These children, little more than two years old, blighted by deformities, respiratory infections and skin problems, have begun to capture the nation's sympathy. Sarah Whitehead's husband, Paul, served in the Royal Engineers, one of the first units into Kuwait. Two and a half years ago she gave birth to Ben. His left arm, shoulder and hand is much smaller than the right side, and he has severely deformed fingers and hands.

"Nobody likes to see children suffering. That's what really pulls at people's heartstrings. For soldiers, it's different. They're expected to put themselves at risk, whether it's fair or not. But when the public sees these tiny, smiling faces still in the puppy dog bracket, they respond - and the Government cannot ignore that," Mrs Whitehead says.

It is still only the beginning of the battle facing the veterans. The inquiry's initial focus will be on whether the abnormalities in babies are disproportionately high among the children of veterans. That task alone may take more than a year.

If the inquiry establishes that there is an unusually high number of birth defects, there will be an examination of its likely causes. Yet even if the syndrome's existence were proven, that does not mean the veterans

will win compensation. That would be the end of a long tradition for the MoD. The department has always fiercely resisted paying compensation: most famously, it refused to compensate victims of nuclear tests who were exposed to radiation.

So even the inquiry set up yesterday is just another stage in a long legal battle for the victims. For the families, the most troubling issue is not the compensation. "What we really want to know is what the future holds for us. Until something is done, we will never know where this syndrome might be leading for Ben," Mrs Whitehead says. "Already in the United States research has shown children developing cancer. We want to know what to expect, where Ben might be when he reaches six or seven. We want an explanation, and just some idea of what tomorrow might hold for us."

Gulf war: the background

THE EVIDENCE

740 Britons who served in the Gulf reported "mystery illnesses": 15 are dead. In the general population, 1 per cent of babies suffer birth defects. In the UK, of 740 soldiers pursuing claims, 60 (7 per cent) reported defects in their children. More than 10,000 US veterans are affected, with 300 cases of birth defects.

THE SUSPECTS

Naps tablets (Nerve Agent Pre-treatment Sets) to protect against nerve gas are the most likely cause of the syndrome. The Commons defence committee found the testing of these tablets inadequate. French troops not given tablets and there are no reported cases in France. The US, UK, Norway and Canada prescribed Naps to their troops - in all these countries there have been reported cases of Gulf war syndrome. Bats tablets (Biological Agent Treatment Sets), Anti-biological warfare tablets. Troops had to take one every six hours. Injections: 11 administered for diseases

such as bubonic plague, anthrax, yellow fever, meningitis, whooping cough, polio, typhoid, tetanus. Administered together rather than staggered over several weeks. The defence committee concluded this was dangerous. Pesticides: exposure to powerful pesticides to control sand flies and scorpions. Toxic smoke: from exposure to burning oil wells. Fall-out: from the bombing of Iraqi nuclear, chemical and germ warfare plants. Shellshock: exposure to blasts from uranium-tipped shells. Poison gas: Iraq may have used gas in attacks. Gulf troops may have been exposed to as many as 21 powerful toxins.

THE SYMPTOMS

Psychological: heightened aggression and depression, post-traumatic stress disorder, chronic fatigue syndrome. Minor organic disorders: bleeding gums, hair loss, blackouts/memory loss, blisters, itchy skin complaints, poor eyesight/photophobia, nausea, dizziness, irritable bowel syndrome. Major organic disorders: kidney disorders, arthritis, motor-neurone disease, leukaemia. In babies of veterans: vital organs missing, skulls too small for brains, limb deformities, heart defects, still-births.

TREATMENT THEORIES

Antibiotics: simultaneous inoculation of soldiers with different vaccines may have permanently damaged their immune systems. Dr Howard Umovitz, Californian microbiologist, urges use of antibiotic dioxycycline, developed to treat immune deficiency in HIV cases. Detoxification: exposure to toxic gases and Naps treatment. Robert Lake, British veteran, was sent by the Army Development Fund to a detoxification clinic in Texas, and is now recovering.

THE AMERICAN RESPONSE

Congress has funded a \$54m programme of medical assessments. The study involves two sets of 15,000 soldiers. All were immunised and took Naps tablets, but one set were never deployed in the Gulf. This will be followed by an intensive study of 1,000 members of each group.

COMPENSATION

UK: Of the 417 British veterans who underwent an independent medical when they applied for a war pension, 216 were awarded pensions as they had identifiable diseases, not Gulf war syndrome. But if GWS is a weakening of the immune system, these diseases may be the result of that. The solicitors handling British claims, Donn & Co, have some 800 cases pending.

US Legislation was passed in 1994 to allow compensation to be paid to veterans of the Gulf war, despite the absence of firm proof that a syndrome exists. In the US, sufferers are so convinced that chemical weapons might have contributed to their illness that they are mounting a \$10m lawsuit against a consortium of chemical companies.

Tiffanie Darke



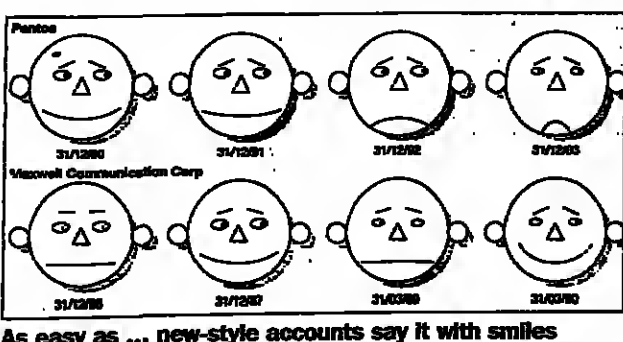
Get this show on the road

A beaming Paul McCartney opened the Liverpool School of Performing Arts yesterday, housed at his alma mater, the Liverpool Institute. Fellow Old Libudians (as the school's old boys quaintly term themselves) were a bit thin on the ground. Former militant activist and deputy leader of Liverpool council Derek Hutton was in fact at school with McCartney and could teach a lively course in how to excite a crowd. But, sadly, he was not invited to yesterday's opening ceremony. McCartney has put up some of the money for the fame school, where students will be instructed in performing, song-writing (by McCartney himself), design, sound technology, computing and legal affairs.

But is this what the travelling rock star really needs? According to the veteran American rocker Lou Reed, there is a much more vital area of instruction - how to make a phone call. Reed has written to the school, saying: "How do you survive on the road? How do you get through a tour? How do you make phone calls from Europe? I've had drummers make a phone call from Germany to New York, and they

could have flown it twice for the same price. The thing is, these are things people could learn about..." Now that sounds more like rock'n'roll than a module in sound technology.

Maxwell's Mona Lisa



As easy as ... new-style accounts say it with smiles

Kevin MacKenzie's newsy bunny, who gives the thumbs-up on Live TV newscasts when the news is good and thumbs-down when it's bad, is breeding. In the upper echelons of business, accountants are using funny faces to portray company accounts. The rationale is that most people can read a face much quicker than a set of accounts. City University business school has used the

accompanying graphic to show the gradual decline of Pentos and of Robert Maxwell's Maxwell Communication Corporation.

The faces are based on four accounting ratios: liquidity (eyebrow angle), working capital (nose length and width), financial leverage (eye size and eyebrow length) and profitability (mouth curve, length, and pupil position). But what exactly is that on the Maxwell Communication Corp in 1990, when the company had a combination of poor ratios and good profitability. It turns out that it is

a smirk, and could not in a month of Sundays be confused with a smile. Suddenly, reading a balance sheet looks a soft option.

NUT howler

A word to Tony Blair. If you are serious about introducing fast-track courses in schools, make

the first one a spelling course for high-flying National Union of Teachers officials. The latest NUT press release states: "The NUT supports the principal [sic] behind the proposal from the Labour leader."

Lost without a script

Up we all stood, down we all sat, up we all stood again, at the special performance of *Cats* on Monday night as a disgruntled member of the audience tried in vain to find his seat. "You're in the wrong row," we all chorused helpfully. "I'm aware of that," he retorted irritably, "but the ticket number doesn't match the seat." Eventually, the poor chap was led muttering to his place, actually some distance away, by an usher. I would have asked Trevor Nunn, the director of *Cats*, to lend the unfortunate pun some assistance, except that he was Trevor Nunn, the director of *Cats*.

Sophie's safe in the Attic

Those who see Prince Edward's girlfriend, Sophie Rhys-Jones, as a squeaky-clean saviour of the monarchy will take heart at my latest news. Unlike the royal daughters-in law she eschews glitzy gymnasiums and pricey



Squeaky-clean Sophie

personal trainers. Where aerobics are concerned Sophie takes a commendably egalitarian approach.

She is a frequent attendee at the distinctly down-to-earth Dance Attic, an establishment on the grimy end of Fulham Broadway, in west London. Membership costs a mere £60 a year - compared with at least £500 at the nearby Harbour Club. And Will Carling is definitely not a member.

Fellow Dance Attic exercisers are impressed. "She is always so friendly, and we think that it shows that she really is prepared to make an effort to avoid being humiliated by the paparazzi," says one admirer. But she need not fear. The paparazzi never stoop to reading Eagle Eye's musings.

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Generation Why

by Tony Reeve and Steve Way



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Why Ulster should vote

It is time for the Dublin government and nationalist parties in Northern Ireland to lick their wounds, swallow their pride and accept the principle of an early election in Ulster. They might not like the idea, given that it will delay all-party talks still further. They may fear it will renew the bigotry of earlier Ulster assemblies. And they are angry with John Major for springing the idea on them. But they should focus not on opposing the idea of a poll, but instead upon the kind of body it will create.

This change of tack would represent an acknowledgement of political reality. The proposal has gained considerable political momentum: it is backed by Mr Major, Tony Blair and David Trimble, the Ulster Unionist leader. More important, an election would allow the British government, and in time the Ulster Unionists, to drop their precondition that the IRA must decommission weapons before all-party talks can begin. In short, it offers an opportunity for political progress, albeit delayed until after the proposed election.

The signs are that John Hume, leader of the mainly Catholic SDLP, has recognised the need for flexibility. When he emerged last night from talks with the Prime Minister, his anger seemed to have dissipated. He said he was engaged in a process of talks that he hoped would lead to settlement. Sadly the same cannot be said for Gerry Adams, the Sinn Féin president, who said after his meeting with Sir Patrick Mayhew yesterday that he remained "implacably" opposed to an election.

The nationalists' difficulties are understandable. The Catholic minority in Northern Ireland fears the return of the

bogey man of the Unionist-dominated Stormont. The Dublin government is still floundering: a snap poll this week found that a majority in the Republic thought that northern nationalists should boycott the election. John Bruton, the Irish premier, yesterday had to defend himself against opposition charges that he had been outmanoeuvred by the British. All of this reduces the Irish premier's capacity to push Sinn Féin towards moderation.

John Major has much to do to repair the damage inflicted on the Anglo-Irish relationship. He must distance himself from Mr Trimble, who envisages an assembly that would meet regularly, have committees and function much like its predecessors, which collapsed in acrimony. Mr Trimble wants an assembly that would operate like a form of legislature.

Yet this is not the only way forward. Mr Major must show that his sympathies lie closer to the nationalist idea of a "virtual assembly", which would not meet in a formal public forum. The poll would be used only to elect a group of negotiators who would sit down for talks in private. It would give them a democratic mandate to engage in talks. It would not be used to establish a formal assembly. Such an approach might allay nationalist fears that a new Stormont is being created while still engaging the Ulster Unionists in the peace process.

Yesterday Sir Patrick Mayhew suggested that he did not envisage an assembly with legislative, administrative or executive powers. If Sir Patrick sticks to his word, then Dublin and the SDLP should go along with an election. Sinn Féin could not afford to be far behind.

Say goodbye to the British way of death

Could anything sound more ludicrous? Another liberation movement is being founded - for the dead. Lord Young of Darlington, the Labour peer, wants to recognise "dead people's rights". It conjures up images of rows of angry corpses demanding better treatment, their representatives appearing on *Question Time* to argue their case, even facing down a sceptical Jeremy Paxman. But despite the apparent absurdity of the idea, Lord Young's latest organisation, the National Funerals College, has a serious and potentially appealing point.

Most funerals no longer serve their purpose as a way for the living to say goodbye to the deceased. This will ring painfully true for any family that has been shuffled through a cold crematorium in half an hour, subjected to a brief formulaic speech delivered by the clergyman on duty, who has never met any of the family before. What should be a catharsis for the bereaved, celebrating the life and commemorating the death of a loved one, too often turns out to be an awkward disappointment. It is a commentary upon the inertia of our society that an institution so universal and so important could be allowed to continue almost regardless of whether it is in the spirit of its time.

Funeral services are still dominated by religious traditions that many people no longer identify with. Not long ago the local priest would have known the deceased and his or her family for years; the sermon could be personal and moving. And most of the congregation would have understood and taken comfort

from the religious imagery that the service invoked. Not so today.

Only celebrities seem to be able to break the rules. When the Labour leader John Smith died two years ago the nation watched a service in Edinburgh replete with tributes from colleagues and a haunting psalm sung in Gaelic, followed by a quiet family burial on Iona. In the Seventies, Elvis was hurried with a funeral procession of white cars to drive him to his grave.

These public figures had the advantage of having plenty of people to organise their funerals. Most of us turn the whole thing over to a local funeral director. In our confusion and grief we are in no position to plan or make choices about how to conduct the service.

What we need is easy access to a wide variety of options - including a few really imaginative and personal suggestions - and then someone else to do all the organising for us. Here there is a real gap in the market. Where are the alternative funeral directors? Where are the companies to organise a burial at sea for the aspirant sailor, or a memorial game of bingo for the avid player. Instead, most people find themselves stuck with an undertaker who offers little more than the funeral equivalent of a short back and sides.

Once the baby boomers start dying, the market for funerals will change beyond recognition. Just as they have redefined marriage ceremonies to suit their wishes, so they will redefine the ceremonies for death. If that, and Lord Young's campaign, spell the end of the awful crematorium funeral, we should not mourn its passing.



"Can I take your coat, your hat, your arms?"

LETTERS TO THE EDITOR

Who is fit to judge who is fit to teach?

From Mr R. E. Burke
Sir: Surely the *Independent* contradicts itself (Leading article: "Teachers' pay is the first lesson", 26 January) when, on the one hand, it advocates the importance of traditional teaching methods, while on the other hand it advises the Government to reward good teachers and to remove those who prove unable to do the job.

If such a pipedream materialised, then our children would be, in too many cases, demotivated and disenchanted by highly paid disciplinarians, many of whom today would be classed as those teachers unable to do the job. The poor teacher finds it easy to teach able children in rows; such pupils are easy to teach. It is the pupils in the average ability range that need motivating and enthusiastic teachers to enable them to achieve their full potential.

The issues confronting our education system today are not teaching methods, but teaching conditions: class size, classroom condition and an insistence on a return to a provocative class culture - the latter exemplified by the renewed debate on selection. Yours sincerely, R. E. BURKE, London, W7 30 January

From Mr Gordon Symons
Sir: Your leading article says "rewarding good teachers well is probably the best place to start". Yes, I agree, but, in the existing state system, who actually knows which teachers are good?

From Mr Giles Radice, MP
Sir: Malcolm Rifkind's fellow European foreign ministers could be forgiven for suspecting his motives in taking a credibility crisis for European economic and monetary union ("UK fights for single currency review", 30 January) when this crisis has, in part, been generated by "unattributable" briefings given by government sources.

Germany's pact to create jobs

and France's economic reforms are an indication of the seriousness of their intent to introduce the single currency, not a reason for delay or abandonment. Both countries are taking action to bring about a single currency, and we should not underestimate their willingness to do more to achieve it. The prize of low inflation, low interest rates and low employment in Europe which the discipline of the single cur-

rency would foster is not one they will easily give up. Nor should we. Britain's track record of non-participation is well known among our continental partners. Sadly, the crisis of credibility that the present round of speculation is most likely to cause is a crisis of Britain's credibility in Europe.

Yours sincerely, GILES RADICE, Chairman European Movement, UK, London, SW1 30 January

From Mrs Helen Beklevic
Sir: Although I may be 20 years older than Sarah Cook, I can certainly empathise with her.

It is not unusual in Turkey for young women to be married in this way. The impression given is that she is living in terrible conditions but this is normal in small towns and villages. There is no welfare state, people live on what they have, with the extended family usually living in the same house, or sharing rooms.

I, too, was married in a Turkish village last October. There was no running water, no "English loo". Everything was extremely basic, but everyone was contented and didn't sit around waiting to win the lottery. They got on with their lives, spending time with their friends and family.

I hope Sarah has the sense to stay in Turkey. I hate to think of the consequences if she is made to return to Britain.

Yours sincerely, HELEN BEKLEVIC, Bristol 29 January

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

Right to representation

From Mr Vernon Bogdanor
Sir: Andrew Marr seems not to notice that ministers and civil servants are also citizens with as much right to fair treatment as anyone else ("A matter of reputation and honour", 27 January). This claim has been jeopardised both by the form of the Scott inquiry and by Sir Richard's approach.

Sir Richard was given the option of transforming his inquiry into a formal one. He should have taken up this option. He should also have pressed for there to be three judges rather than one, or, alternatively, expert lay assessors with knowledge of the workings of government.

Nearly 30 years ago, the Salmon Commission declared that a witness who has to be subjected to an inquisitorial form of enquiry should be accorded the elementary right to be represented. The right to be represented by counsel arises not because, as

Marr suggests, "assorted ministers are retarded inarticulate souls, unable to speak for themselves", but because no witness is able to appreciate the totality of a highly complex picture, nor to test, through cross-examination, hostile evidence. Sir Richard, however, has chosen to interpret the Salmon guidelines "flexibly". The Government has also chosen to mount a running commentary during the inquiry. The combination of the roles of judge, detective and prosecutor is not one that inspires confidence.

Ministers can defend themselves publicly against unjust accusations. Civil servants - ignored in Andrew Marr's article - enjoy no such luxury and could find their careers ruined.

Yours faithfully, VERNON BOGDANOR, Brasenose College, Oxford 27 January
The writer is Reader in Government at Oxford University.

Early steps north of the border

From Mr Mike Mitchell
Sir: You report ("Dinosaur prints found in Scotland", 27 January) that these were the first such footprints found north of the border. In the *Transactions of the Royal Society of Edinburgh*, it was reported that Dr Henry Duncan (1774-1846), the founder of the Savings Bank movement, discovered quadruped footprints in the red sandstone at Concockle-muir, near Lochmaben.

Duncan's discovery was the subject of correspondence between many prominent geologists of the day, such as William Buckland and Adam Sedgwick. I understand that samples were cut from the site and delivered to Oxford University. Perhaps they are still there.

Yours sincerely, MIKE MITCHELL, Manchester

A woman's place

From Mr Martyn Goff
Sir: Why a woman? asks Alain de Botton (Annular View, 26 January) of the recipient of the £30,000 Orange Prize for Fiction. Why not?

Women form a considerable percentage of serious novelists. They have won the Booker prize 10 times, while men have won 19 times; the Whitbread twice and men 9 times; the Nobel 9 times and men 78 times. Whether that is a fair proportion in each case, it would be almost impossible to say, but why should they not have a chance, too, of competing with their own sex?

Yours faithfully, MARTYN GOFF, Book Trust, London, SW18

Men bossy? Never

From Ms Roz Denny
Sir: Looking at the headline for your article on Edwina Curry ("Ms Bossy", 29 January), I'm left wondering if there is such a thing as a "Mr Bossy"? Or would he be "Mr Get Up And Go", or "Mr Speak Your Mind", or even "Mr Assertive"?

Why is being in a commanding position that encourages respect and attention seen as a negative when it comes to women? Yours faithfully, ROZ DENNY, London, SW6

Tánaiste by any other name

From Mr Nigel Greenwood
Sir: How long does it take for an Irish term to gain currency on this side of the water? We now seem to be comfortable with the word *Tánaiste*, despite its outlandish spelling. Yet the admirable and conscientious Dick Spring is invariably referred to in the UK media as the "Irish Deputy Prime Minister", rather than the *Tánaiste*. The word is relatively easy to spell and pronounce and, in any case, is already in our dictionaries in the form of *tanist* ("The heir apparent of a Celtic chieftain... usually the youngest of his kin"). Yours sincerely, NIGEL GREENWOOD, London, N22 26 January

Ad nauseam

From Mrs M. C. Gaunt
Sir: I agree that it was Caesar who *advent forte* (or *Granada* of course), while Brutus *adsum iam*. Brutus was then *sic in omnia* but, in my school, Caesar was *sic in tran*. Yours faithfully, MAIR GAUNT, Cardiff 30 January

OT sex manual

From Mrs Alison Leakey
Sir: I remember from my long past schooldays that you can get a lot of information about sex from the Old Testament if you know where to look (letter, 29 January). Yours sincerely, ALISON LEAKEY, Welwyn Garden City, Hertfordshire

'Stakeholder' riots

From Mr Robert Vincent
Sir: Tony Blair's desire to make us all "stakeholders" so that we may "share" in our country's prosperity is most laudable but doomed to failure. An earlier fiscal attempt to give each and every one of us the exciting opportunity to contribute to our society merely excited protests and riots. It was (un)popularly known as the poll tax, and payments are still outstanding. Yours faithfully, ROBERT VINCENT, Wiltshire, Hampshire

Is this a cappuccino I see before me?

I have always felt that the traditional definition of the difference between an optimist and a pessimist (one says that a bottle of wine is half full, the other that it's half empty) was too glib by half, and fairly impractical, as very few of us ever have to describe a half-empty bottle. Nor does it take into account the slice of humanity that is neither optimistic nor pessimistic but realistic and willing to bet that whether the bottle is half empty or half full, the wine inside must have gone off by now.

So today I am offering a series of new tests to let yourself find out which of the three categories you fall into. In each test I am putting you into a common situation to which there are three different reactions, one of which you must identify as nearest your own. In each case, option (a) is the optimistic one, (b) is the pessimistic one and (c) is the realist's choice.

OK, let's do the test and tick the option that applies to you, so that you can a) have a bit of fun, b) find out the worst, c) get it over with... I. When you try to back your car into a narrow parking space you know in your heart of hearts that you are going to:

a) bounce off the car behind you, which will give you just enough room to park;



MILES KINGSTON

b) back into the car behind you, in which the owner is sitting reading a paper;

c) park without hitting any other car, lock your car doors and then, just as you are walking away, realise that you have left the car with two wheels on the pavement.

2. When you go to get your holiday photographs back from Boots you expect them to be:

a) as good as usual;

b) as bad as usual;

c) in the hands of the police.

3. When you pick up a blank video lying innocently near your TV set you expect it to be:

a) that classic film you recorded recently and which you've been looking for all over the place;

b) that classic film you recorded recently and which you've been looking for all over the place but which has now been wiped out by

your child recording *Top of the Pops* over it;

c) the programme that you recorded by mistake on Channel 4 at the very same time as the classic film you wanted to record went out on BBC2.

4. When you order a cappuccino coffee you expect to get:

a) a cappuccino coffee;

b) a lot of froth and chocolate powder hiding a very small cup;

c) some ghastly instant coffee produced by hitting a button on a coffee machine marked (erroneously) "cappuccino".

5. When the phone rings you a) answer it with pleasure;

b) dread answering it;

c) let someone else answer it.

6. When you buy a lottery or raffle ticket you:

a) think that it might really be lucky this time;

b) dread winning it, in case you have to be seen collecting the prize;

c) think of all the other raffle tickets you keep finding in disused coat pockets.

7. When you approach a door you expect it to:

a) open automatically as you reach it;

b) be locked shut;

c) need pushing if you pull it, but

need pulling if you push it.

8. When you pick up the menu in a posh restaurant you automatically:

a) look for dishes you have never tried before;

b) look for some dish that even a posh restaurant can't make a mess of;

c) order a drink before looking at the menu.

9. When you have washed your hands in a washroom, and turn round with dripping hands to dry them what you really expect to see is:

a) a serving girl handing you a fresh towel;

b) a roller towel with the end of the towel hanging out;

c) lots of other people with dripping hands looking for some way of drying them.

10. When, while out for a country walk, you spot a sign on the path ahead of you, you just know that it will:

a) tell you something you can do;

b) tell you something you can't do;

c) be comprehensible only to angels.

11. When I tell you that there will be more of this tomorrow you think:

a) Goody goody!

b) Not for me there won't be, matey;

c) Well, at least there's nothing about Blair or Major in it.

29 JAN 1990

How to collect a windfall inheritance

The elderly are offloading assets to avoid paying for care. But why should the state pick up the bill?

Mr D of Mid Glamorgan chuckles with satisfaction. He hasn't won a lot of money, he has given away a lot. It was partly generosity, but it was also revenge on the state for cheating him. He is one of the growing horde of elderly people rushing to give away their assets to their children for fear that they will otherwise be stripped of them to pay for long-term care should they need to enter a home.

Mr D, 77, is not a rich man. He and his wife had a house worth £44,000, which they handed over to their two married daughters two years ago. Mrs D is increasingly disabled and found the stairs difficult, so they applied to the council, which, astonishingly, gave them a council home for £35 a week. Their daughters are selling the old house. This is modest wealth cascading down the generations, as promised by John Major.

Today the Law Society is sending out hundreds of guidance to solicitors, inviting them to seminars on how to advise elderly clients who are queuing up for help in avoiding future care charges. Age Concern has been flooded with inquiries in recent months after news that 40,000 old people's houses have been seized by social services in the past year.

The law says that anyone with assets of more than £16,000 will be charged fees for their residential or nursing home. The money is usually taken from the value of their homes. The wheeze of giving everything away in advance has to be well planned, and even then the law is far from clear. If social services smell a rat, they can accuse someone of having "deliberately deprived"

themselves of their money in order to make a claim upon the state. If the money is given away six months before the old person goes into a home, at a time when they were reasonably fit, then they may get away with it. If not, the money can be reclaimed from the person to whom it was given.

The Law Society's guidelines tell solicitors that there is "no foolproof way of avoiding the value of the home being taken into account in means-testing. Generally, the intention behind the gift is the most important factor."

They warn that as local authorities discover this huge flight of capital from elderly parents to children they will get tougher. Under the Insolvency Act, the state can claim back money given at any time if the intent was to avoid paying.

Then there is the King Lear problem. Do you trust your children? Lying to get their hands on the money, they might decide that perhaps you would be happier in a nice, cosy old folks' home, so they can sell the house that is now in their name. The Law Society warns solicitors "to ensure your clients fully understand the risks and consequences" and to assess whether they are "subject to undue influence from family and friends". There have already been cases of bitter regret and family rows.

Mr D's motivation was mainly to ensure that his daughters got the benefit of his life's savings. But he also burns with political indignation. He used to be a minor NHS administrator. "I paid my taxes all my life and I expected to be paid for if we needed care," he says. "That was the deal. But



POLLY TOYNEBEE

There is the King Lear problem: do you trust your children?

they have shut down two hospitals in this area, with a lot of beds for the elderly, turning them out of the NHS to make them pay in private homes. I won't do it."

This is the grey rebellion that both the Government and Labour fear. "Can pay but damned if we will" is the new grey slogan. The law has not changed since the 1948 National Assistance Act, which said clearly that those who could afford it should pay for any non-NHS care. But two things have changed: the NHS has all but withdrawn from free long-term care; and at the same time many more old people have got rich. According to the General Household Survey, more than 60 per cent of households over 65 are owner-occupiers.

Afraid of the angry grey vote, politicians are rushing to find ways to protect the principle of inheritance. Frank Field MP has a scheme, and this week

the left-wing Institute for Public Policy Research (IPPR) published a menu of plans with varying degrees of state subsidy.

The scale of the problem looks frightening. Average stay before death in a nursing home is two years, or three in a residential home, at a total cost of £30,000 to £40,000. The state's contribution stands at 1.8 per cent of national income, but by 2031 it will be 5 per cent – not a burden that taxpayers present or future will be willing to pay. So private cover looks like the only answer.

But is it? To pay into a fund over a lifetime would be exceedingly expensive. Younger people struggling with mortgage and family find a pension hard to pay. Care insurance would seem crazy irrelevant. And they would be right. Everyone retires, but only one in 20 old people ever goes into a home. The rest die in their beds or in hospital after a brief illness.

We are a nation of gamblers, and those are pretty good odds. Pay nothing and hope for the best. If the worst comes to the worst and you go into care, you will have to sell your home and you won't get to hand on your money to your children.

But do they really need it? They will probably be in their fifties, with most of their mortgage paid. So what do they need the money for, except luxuries? Old people remembering the hardship of their own earlier days often imagine their children worse off than they are. The money will usually go on foreign holidays and a better car, while the taxpayer picks up the care bill that the family should have paid. If, like Mr D, you are angry with the

state for failing to keep its cradle-to-grave promise, the other option is to spend, spend, spend. Blow the lot, cruise and booze, winter in the Costa del Sol, buy yourself a floppy or a gigolo, have fun.

That is, of course, antisocial advice. But many old people now rushing to their solicitors to divest themselves of their money should pause for thought. Why should the taxpayer fork out? It is no good whingeing about welfare state promises made 50 years ago. The state can't pay and that's that. Instead, remember that all life is a lottery, good health above all. Your children have a 19 out of 20 chance of cashing in when you die, but they could be unlucky. Tough.

This week's IPPR scheme, the most imaginative so far, would spread the risk among pensioners. On retirement they would surrender a portion of the value of their house (estimated at 45 per cent of an average home valued at £60,000). The money would only be realised by the insurance company on your death, or if you went into care, in which case the company would cover all your bills. The rest of the value would pass to your heirs. But at 20 to one, wouldn't the gamble be the wiser course?

Some 30 per cent of pensioners will always be poor, never having earned enough for a pension, let alone care insurance, so the state will always have to pay for them, one way or another. But the rest who have capital will simply have to pay up, if the fickle finger of fate points at them. Now all we need is for politicians of any party to be brave enough to stand up and tell them so.

Making student loans pay off

Gareth Roberts proposes a solution to the universities' funding crisis

The Budget announcement last November of further cuts in higher education funding, including a massive 47 per cent cut in capital spending in England, left vice-chancellors angry. Over the last few years universities have delivered what the Government asked for – a substantial move to a high-quality, mass higher education system. We have continued to provide a high-quality service with less and less money available for each student – down 28 per cent since 1989.

However, we have now reached the limit for further "efficiency gains". The pressures on staff have been enormous, and with no reward. Yet we are faced with further cuts which will have a serious effect on our ability to maintain the quality of teaching that students expect, and on our ability to retain the high calibre staff who deliver this service.

It is neither in the country's interest, nor that of the university, to damage the quality of our service. Not only is it vital that we continue to produce world-class graduates, but it is also important that UK universities continue to attract students from around the world. There is a solution to this dilemma of maintaining quality in the light of increasing pressures on public funding. It is one which vice-chancellors have been pressing on all political parties for the past two or three years. The Committee of Vice-Chancellors and Principals has proposed a new system of loans which would enable graduates to pay back part of the costs of their education, according to the income they earn after they have left university.

Not only would this help to relieve pressure on public funding, but it would also provide a support scheme for part-time students and others who already pay their own tuition fees. This idea is already operating in other countries, notably Australia, where it has not limited either the number of university applicants or the range of people applying to take a university course. What is frustrating for vice-chancellors is that none of the principal political parties seems to have the courage to explore the idea.

Until this nettle is grasped, we have no option but to consider how we can decrease costs or increase income. At our meeting on Friday, my executive committee and I will be proposing two measures with great reluctance. The first is to increase income by introducing a special registration levy on new students as they enter university. The writer is vice-chancellor of the University of Sheffield and chairman of the Committee of Vice-Chancellors and Principals.

We are not proposing that the levy be introduced until 1997. The size of the levy would be determined by the size of the government cuts for that year. We would prefer to continue to offer courses to full-time students at no cost to themselves. If a contribution is to be made, we would prefer a proper loan scheme enabling graduates to repay their contribution according to their ability to pay.

This suggested levy is in no sense a substitute for a proper funding scheme. Indeed, if we could see measurable progress to a longer-term solution, we would rescind the levy immediately. However, we have to balance our budgets like any other organisation. The levy would not apply to

Further cuts will have a serious effect on quality

part-time students and others who already pay their fees, and we would use part of the income to bolster support access arrangements for poorer students.

Our second proposal is designed to reduce the cost to institutions of the current duplicate quality assurance schemes – one operated by the funding councils and the other by our own agency, the Higher Education Quality Council.

We are working closely with these bodies to design a new scheme, at the Government's instigation, to eliminate duplication of resources. Meanwhile we just cannot afford to continue to lose from teaching duties the 15,000 person days supplied to these schemes. We will continue to work with others in developing a new UK-wide single system of quality assurance.

It is for each of our members' institutions to consider how to respond to the planned cuts. Only in December will we take a final decision on implementing these proposals, and that will depend on the response from the politicians.

However, we believe that only by making these proposals can we best demonstrate to students, employers, and parents and relatives, as well as politicians themselves, that the potential damage to quality from the cuts planned for the next few years is real, foolish and shortsighted.

The writer is vice-chancellor of the University of Sheffield and chairman of the Committee of Vice-Chancellors and Principals.

Out of the Irish cul-de-sac

The British government must reappraise its response to the Mitchell report, argues Garret FitzGerald

The British government's reaction to last week's Mitchell report on decommissioning of paramilitary arms has been greeted in nationalist Ireland with a combination of incredulity and anger. To many people in Britain, in turn, this seems an excessive, even perverse, response to what has been presented as a simple proposal to hold a democratic election in Northern Ireland. As so often in the past, a gulf of misunderstanding now divides our two peoples.

The Mitchell commission has been widely seen as a means of getting the British government off its self-imposed hook of requiring a start to arms decommissioning as a precondition for the commencement of all-party talks – a precondition the IRA had never been prepared to concede. If the Mitchell recommendations enabled this precondition to be bypassed, the way would be clear to implement the solemnly agreed "firm aim" of the two governments to initiate – by the end of February – all-party talks in which Sinn Féin would be included.

The immediate Irish reaction to the Mitchell report was enthusiastic because it seemed to show a way through the deadlock that for almost 18 months had held up negotiations towards a Northern Ireland settlement. The report recognised explicitly that "the reality with which all concerned must deal [is that] decommissioning prior to such negotiations – will not happen", and recommended instead that the parties "should affirm their total and absolute commitment" to six democratic principles.

These principles (see below) were particularly welcomed in Ireland because for the first time they would pin down Sinn Féin, and through it the IRA, to a totally democratic agenda, free of the ambiguities that have hitherto marked all utterances from these sources. When taken in conjunction with a proposal for some decommissioning during the negotiating process – instead of at the end of it, as Sinn Féin had sought to insist – these principles seemed a potentially acceptable substitute for the unrealistic precondition that decommissioning should start before the talks began.

Difficult though it might be for Sinn Féin and the IRA to swallow this unpalatable Mitchell package, the initial



Martin McGuinness (left) and Gerry Adams yesterday

Photograph: Pacemaker

positive-sounding reaction to the report from Gerry Adams – in advance of John Major's own statement last Thursday – seemed to suggest that he believed this might be possible.

Most Irish people see the Prime Minister's statement, just four hours after the report was published, as having let Sinn Féin off the Mitchell hook by ignoring the report's tough recommendations and instead introducing a fresh precondition to all-party talks, viz the implementation of the Ulster Unionist Party's proposal for Northern Ireland elections.

The Irish government is, of course, prepared to discuss this election proposal during the all-party talks. What the Irish government is not prepared to accept is that the governments' jointly agreed "firm aim" of

starting talks at the end of February should be subverted by making the time-consuming implementation of such an electoral process a precondition for the start of these talks.

The Mitchell principles would pin down Sinn Féin, and through it the IRA, to a totally democratic agenda

Within the all-party framework the Irish side would want to tease out several problems and dangers that could arise from the establishment of an elected body in Northern Ireland at this stage. These include the potentially adversarial character, and capacity for filibustering, of an elected body

set up as a negotiating instrument; the likelihood that elections could fail to provide representation for small parties close to loyalist paramilitaries; and the possibility that within

of this fresh delaying precondition for all-party talks is compatible with, or even part of, the Mitchell recommendations. But this is simply not true.

The report's only reference to elections in Northern Ireland is confined to the carefully worded statement that "if it were broadly acceptable, with an appropriate mandate, and within the three-strand structure, an elective process could contribute to the building of confidence".

Despite a belated attempt by the Secretary of State for Northern Ireland on Monday to suggest that the British government has "accepted all the recommendations in the Mitchell report", the fact is that for the moment at least it has rejected them – a point which Sir Patrick Mayhew himself had inadver-

tently conceded in the Commons last Thursday when he justified the Government's stance on the grounds that "I happen to know that Unionists will not be there on the terms that have been put forward by Mitchell" (my emphasis).

Where can we go from here? There seem to be some grounds for believing that the British government may not initially have intended to take such a negative position on the Mitchell recommendation. It seems the original intention may have been for the Secretary of State to make a holding statement in the Commons last Wednesday. The Prime Minister's decision to make a more definitive statement himself may have been precipitated by fears of reactions within his own party to a damaging leak of the commission's report in a Dublin paper last Wednesday morning. This was accompanied by speculation that unhelpfully presented the anticipated British government acceptance of the Mitchell recommendations as a "climbdown".

If in fact the British government's reaction to the report was motivated by short-term considerations of this kind rather than being the fruit of considered strategy, then second thoughts might open the way for some modification of its apparent new election precondition to the start of the all-party talks.

The British government will certainly be under strong American pressure to find some way out of this new cul-de-sac as, indeed, has already been suggested by Mr Mitchell's statement after his meeting with President Clinton on Monday that "The President ... hoped that the parties would reach agreement and allow the talks to take place as scheduled", viz by the end of February.

A possible way ahead would be for the Mitchell principles to be accepted by all, and for talks involving all the parties to take place soon on the issue of a possible route for an electoral process. Then, if some progress could be made with this proposal, all-party talks on the actual issues could start at the end of February, accompanied, as suggested by the Mitchell report, by some decommissioning of arms.

The writer was Prime Minister of Ireland from 1981 to 1987.

Let me sing in my own country

ANOTHER VIEW

Bryn Terfel

producing fine singers. In recent memory, Stuart Burrows, the late Sir Geraint Evans, Margaret Price and Dame Gwyneth Jones have all enjoyed major international careers. Wales also has, in Welsh National Opera, a company that in a relatively short period of time has established standards of performance that are the equal of many more famous and longer established opera companies. Yet, despite this cultural heritage, we are not able to provide Welsh National Opera with the permanent venue it deserves and which is capa-

ble of staging opera on a scale that is possible in most of the other capital cities of Europe. The country that has contributed so much to the world of opera could be destined to remain the poor relation in terms of being able to use the fine singers it produces. I had been discussing the possibility of being involved in the open-

ing of the new opera house in Cardiff by singing the title role in Wagner's *Flying Dutchman*. It is a very exciting proposal for any singer, let alone a Welshman returning to his own country – and what a marvellous way for Wales to celebrate the millennium. A new opera house for a deserving public and a major landmark in my career as a performer. It would have made me very proud to be part of it.

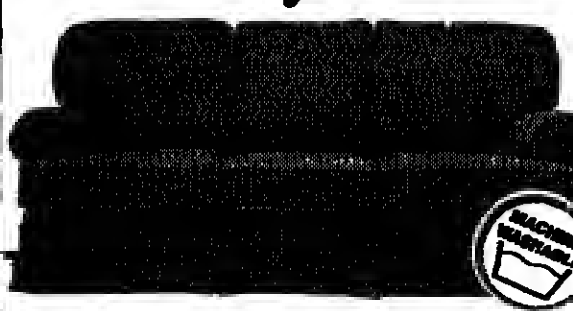
The Wagner repertoire is something I shall be moving into over the coming years, yet the current facilities

available to Welsh National Opera at the New Theatre in Cardiff and other relatively small theatres in the provinces, make it impossible to stage.

I have a very full diary of engagements over the next six to seven years, and that there is little possibility of a return to Wales for my roles in the future is very sad. There are other possibilities, including an offer from the Metropolitan Opera in New York for the time I would have spent performing *Dutchman* in Cardiff. But I know where I would rather be on St David's Day in the year 2000 – on home soil.

The author is an international bass-baritone.

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The Millennium Commission's decision to turn down the proposal for the Cardiff Bay Opera House is disappointing both for the opera-going public in Wales and also for people like me who would sing in it. I am fortunate in that I am asked to sing in many of the world's most famous opera houses, such as the Metropolitan Opera in New York and the Vienna Staatsoper. Next year I make my operatic debut at La Scala, Milan, then in 1999 I will sing my first Falstaff at Sydney Opera House.

All these opera houses have earned their reputation and now have an established place in the world of the performing arts. Wales, although it is a small country, has a long history of

Hanson to break up into four companies

TOM STEVENSON
City Editor

Hanson is to break itself up in a stunning acknowledgment that the logic which drove the diversified group for 30 years is no longer working.

The tobacco, chemicals, energy and building group, that more than any other company grew to epitomise the deal-spinning 1980s, is to end its life as a conglomerate within a year, demerging itself into four separately quoted companies.

Lord Hanson, who founded his eponymous empire through the 1965 reverse takeover of a small agricultural supplier, said: "We are making this exciting and radical move to create even greater management and growth opportunities, to improve the operations, profitability and long-term prospects of these four big businesses."

That gloss was not shared by the company's observers, however, who have viewed the break-up as confirmation of the failure of the very concept of conglomerates, one of the dominant corporate ideas of the past three decades. In keeping with the rest of the diversified industrial sector, Hanson has consistently underperformed the rest of the stock market since the beginning of the 1990s as investors switched into more focused groups.

Despite yesterday's 7p rise in the share price to 211.5p, Hanson's shares are worth less today than at the beginning of 1990. Over the past five years, they have lost 35 per cent of their value relative to the wider market.

The demerger, masterminded by merchant bank Rothschilds, is bound to create a bonanza in professional fees. It is the largest corporate break-up since ICI spun off Zeneca in 1993 and will create four companies, all with sales of more than £2bn. Hanson shareholders will receive shares in each.

Imperial Group, the Embassy and Lambert & Butler tobacco group which Hanson acquired in 1986 at the height of the group's expansion, will regain its stock market quote. Eastern Group, the former regional electricity company, re-

turns to the stock market as part of an energy business that takes in Peabody Coal of the US. There will also be a stand-alone chemicals company, comprising SCM, recent acquisition Quantum and the remaining stake in Suburban Propane.

The Hanson name will live on as a rump building materials business whose principal subsidiaries include ARC, Hanson Brick and the company's 12.5 per cent stake in the National Grid. It will be the only one of the four companies to be chaired by Lord Hanson, who confirmed that he would step down as planned in 1997. With the succession still unresolved in the core business, attention focused again on the role of Lord Hanson's son, Robert.

The break-up is a victory for Derek Bonham, Hanson's chief executive and the proposed chairman of Imperial and the energy company. Like many of his peers in the sector, he has long argued for a narrowing of Hanson's interests and was a driving force behind the demerger of US Industries.

Mr Bonham said yesterday: "The USI demerger demonstrated that increased focus works and I am sure it will work for us. However, this is a gigantic exercise and although we've started that work, much more lies ahead."

The complexity of the deal is increased by the Anglo-American balance of Hanson, created by the 1973 move to the US of co-founder Lord White and always touted as one of the conglomerate's greatest strengths. The listings of the newly-created companies will also be split between the US and Britain.

Hanson, often accused of asset-stripping and failing to invest in its subsidiaries, has always seen itself as a maximiser or liberator of shareholder value locked into underperforming companies.

In its hey-day the company rode on the back of an unmatched deal-making reputation as Lord Hanson and Lord White, who died last August, created a transatlantic group with interests ranging from tobacco to timber. But its market rating languished as its earnings growth ran into the sand.



Starting out

James Hanson and Gordon White take time out from their flamboyant playboy lives to reverse into the Wiles Group, a small agricultural supplier with capital of less than £500,000. They set up headquarters in Chelsea and change name to Hanson Trust. Heavily influenced by financier Jim Slater, Hanson begins a sequence of opportunistic acquisitions that would create a great but ultimately flawed business empire. From the outset, the group moves into areas it knows little about, interested only in dealing companies rather than running them.

The early 1970s were a bleak period for burgeoning free-marketisers such as White and Hanson. Gordon White, especially, despised of Britain's industrial relations and Edward Heath's infamous U-turn, when he introduced a statutory pay and prices policy and described rival industrialist Tony Rowland as "the unacceptable face of capitalism". White was also, by his uppers, "reared up to the eyebrows and technically incontinent". In 1973 he ran to New York and started what would become Hanson's, arguably the making of the group.

The relative decline of Hanson began a lot earlier than most observers realised. Ironically it began with the 1984 purchase of London Brick, the first of a string of increasingly large deals that were to shore up the increasingly unsustainable edifice. That deal was followed over the next five years by the acquisitions of SCM in chemicals, Imperial Tobacco, Peabody, Consgold and Eveready. To keep the giant moving, the deals grew ever larger until the ultimate act of hubris, the 1991 West of Britain's bellwether stock. A public relations disaster.

The 1993 acquisition of Quantum, a triumph of timing, suggested a return to form. But the purchase last year of Eastern Group, the regional electricity, confirmed the group was running out of ideas. The demerger of US Industries was the first betrayal of the conglomerate's raison d'être and marked the beginning of the break-up. Lord White's death last year was the final blow. The conglomerate had run its course.

Share price relative to the market

Source: Datastream

1965 1967 1969 1971 1973 1975 1977 1979 1981 1983 1985 1987 1989 1991 1993 1995

0 0.05 0.10 0.15 0.20 0.25

The US years

The Mega-bids

The end game

The fractured legacy of a 30-year-old empire

CHEMICALS IMPERIAL ENERGY HANSON

Put together over the past 10 years since the 1986 acquisition of SCM, the chemicals company will also include successful recent acquisition Quantum and the 35 per cent of Suburban Propane left over from last year's flotation of the domestic gas company.

Rising American star Bill Landuyt will be chairman and chief executive of the New York quoted business. Sales in the year to September 1995 of £2.02bn yielded operating profits of £591m.

The return of a familiar name to the stock market, a bitter final twist to an acrimonious 1986 bid battle. Britain's second largest manufacturer of tobacco products, its principal brands include Regal, Embassy, John Player Special and Lambert & Butler.

Derek Bonham takes the chair with Ronald Fulford as chief executive. Sales last year were £3.57bn with operating profits of £348m.

A creation of the 1990s, the new company puts the American coal mining operations of Peabody, Southern Ohio Coal and Costain Coal with last year's £2.5bn agreed takeover of Eastern Group, the former regional electricity company. Management of the group is split between Eastern former head John Devaney and Iri Engelhardt from Peabody. Derek Bonham oversees as chairman. Energy would have made profits of £400m from sales of £3.53bn had it been a part of the group for the full year.

The name lives on as a focused building materials and equipment group, with sales of £2.3bn giving operating profits of £285m. Lord Hanson holds onto the chair until his planned retirement next year. Christopher Collins is his deputy with former finance director Andrew Dougal chief executive. Subsidiary companies include ARC, Cornerstone Construction, crane business Grove, Hanson Brick and Hanson's holding in the National Grid.

Slowdown signals send Wall Street to record

DIANE COYLE
Economics Correspondent

New signs of economic slowdown in the US delighted the financial markets yesterday - sending shares on Wall Street to a new record and the lifting the dollar to its highest level for nearly two years.

Hopes that the US Federal Reserve will cut interest rates today at the end of a key policy meeting were boosted by news of sluggish retail sales at Christmas and a drop in consumer confidence to its lowest level for almost two years.

The Dow Jones index jumped more than 50 points by midday to a new high of 5,355.56. The dollar climbed nearly a yen to ¥107.30, a 23-month high against the Japanese currency and headed above

DM1.49 from DM1.4813, helped by worries about the state of the German economy. Despite the market euphoria, economists are divided about whether the Fed will act to stimulate the economy today.

Josh Feinman, an economist at Bankers Trust, said: "Consumer spending was sluggish in the fourth quarter. This keeps the Fed in easing mode." However, he said the central bank might wait until its next policy meeting on 26 March.

The Fed cut its key Federal Funds rate by a quarter point to 5.5 per cent on 19 December, the first reduction since last July. Separately, further signs that the Japanese economy is on the path to recovery took shares in Tokyo to a 17 month high yesterday. Figures on vacancies and unemployment were slightly

better than expected. The Nikkei index rose more than 133 points to 20,722.44.

Retail sales in the US crept up by only 0.3 per cent in December, despite savage price cuts in the run up to Christmas. The increase was less than analysts had predicted, and was anyway inflated by a surge in car sales - itself smaller than expected. The 4.9 per cent growth in retail sales last year as a whole was the slowest since 1991, at the end of the recession.

American consumer confidence this month has fallen to its lowest since March 1994, according to the Conference Board. The confidence index fell to 87.0 from 99.2 in December. The recent blizzards and the government shutdown were both said to have contributed to the big decline.

Senior KPMG partner earned £740,000

ROGER TRAPP

Colin Sharman, senior partner of KPMG, was paid a total of nearly £740,000 in the year to September 1995, according to the first publication of a leading accountancy firm's financial results.

The package was made up of "executive remuneration" of £438,000 for doing the job of senior partner, £125,000 of pension contributions and "proprietary profit" of £176,753. Some speculation had put Mr Sharman's earnings rather higher, with some suggesting that the figure might be more than £1m.

Details of the pay scales are disclosed for the first time today in the firm's accounts. These showed one person receiving executive remuneration of between £350,000 and £375,000 and two receiving between £325,000 and £350,000. The average total profit share for each of the 563 partners was

£180,000 - made up of £125,000 executive remuneration, proprietary profit of £31,000 and £24,000 in pension contributions. Pre-tax profits at the firm fell 28 per cent, to £17.9m, in the year on revenue up 6.8 per cent at £588.7m.

The firm said the fall in profits reflected "the competitive na-

ture of our marketplace and our continuing investment in people and services". The cost of professional indemnity insurance cover had also gone up, while future profits would be hit by the costs of incorporation, particularly having to pay National Insurance contributions on partners' earnings, it added.

The publication of the accounts is part of KPMG's plan to make its audit arm a limited liability company in an attempt to stave off a bankruptcy-threatening legal action.

Mr Sharman accepted that most people would feel that his earnings were high and said he did not want to suggest that he and his colleagues were paupers. But he added that he thought many would have expected the figures to be higher. "This is not a bonanza," he said, pointing out that the proportion of staff earning more than £100,000 a year - between 500-600 out of a total of 8,500

- was a much smaller proportion than in merchant banks, for example.

Equally, it is generally accepted that senior lawyers' pay is much higher. According to the latest estimates from *Legal Business* magazine, profits per partner at two City firms are nearly £400,000.

The money is repaid on the partner's retirement - but without interest. This means that partners do not enjoy the opportunities for capital growth available to directors of merchant banks or public companies, who can benefit from stock options.

Mr Sharman believes that this is one reason increasing numbers of partners at accountancy firms are leaving to become finance directors of banks and other corporations. Though KPMG had lost four such people in recent months, changing the ethos of the organisation would take it away from the key role of providing a service.



No pauper: Colin Sharman, senior partner of KPMG

Watchdog investigates British Gas supply cuts

MARY FAGAN
Industrial Correspondent

Ofgas, the gas industry watchdog, has launched an investigation into British Gas cuts in supply to power stations and other large users during the cold spell. The reductions in supplies to some power stations caused outrage and concern at the

weekend, with the National Grid Company warning of potential power cuts.

At the same time the Electricity Association, the industry's trade body, is thought to have complained to the Grid for over-estimating the possibility of power cuts and causing unnecessary alarm. The Grid said last night that it "strenuously de-

nies over-reaction", saying that it followed normal procedures in warning electricity firms that there could be problems ahead if the cold weather continued.

Ofgas has asked British Gas's pipeline arm, Transco, if the breaks in supply to some customers were justified at a time when there is plenty of gas available in the marketplace.

Many large users pay less for gas in return for agreeing to inter-ruptions at times of very high demand but the watchdog is also demanding a full explanation of how the company decided who should be cut off and when, and how quickly the supply should be restored.

Ofgas is thought to have sent two separate requests for in-

formation to Transco after the initial response failed to address its concerns. British Gas argues that large users on the special low cost deals were warned weeks ago that "interruptible contracts are just that".

The inquiry coincides with an investigation by Oftec, the electricity regulator, over the power station supply problems. There

is growing concern that, in the post-privatisation era, there is no one with the ultimate responsibility for keeping the lights burning. Oftec has asked National Power, PowerGen and other generators to explain why they have fuel supply problems and whether they have back-stops if there is a problem with availability of gas.

STOCK MARKETS					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
FTSE 100	3735.30	+0.70	+0.0	3759.20	2954.20
FTSE 250	4095.70	+6.60	+0.2	4095.70	3900.90
FTSE 350	1855.90	+0.90	+0.0	1855.90	1482.40
FT Small Cap	2015.12	+1.36	+0.1	2015.12	1678.61
FT All Share	1830.82	+0.82	+0.1	1837.17	1489.23
New York S&P 500 (DAX)	4099.00	closed	-	5304.98	3832.08
Tokyo	20722.44	+130.24	+0.6	20722.44	14486.41
Hong Kong	11201.46	+142.49	+1.3	11201.46	9967.93
Frankfurt	2435.79	-10.26	-0.4	2446.05	1910.56

INTEREST RATES					
Short sterling	UK medium gilt	US long bond	Money Market Rates	Bond Yields	
1 Month	1 Year	10 Year	1 Month	1 Year	10 Year
5.25	6.08	7.43	5.25	6.08	7.43
5.39	5.03	5.82	5.39	5.03	5.82
5.53	5.72	5.88	5.53	5.72	5.88
5.81	5.28	5.88	5.81	5.28	5.88

CURRENCIES					
£/\$	£/DM	£/¥	Other	Other	Other
Yesterday	Yesterday	Yesterday	Yesterday	Yesterday	Yesterday
1.5043	0.3649	158.75	1.5043	0.3649	158.75
1.5045	0.3651	158.75	1.5045	0.3651	158.75
1.5047	0.3653	158.75	1.5047	0.3653	158.75
1.5049	0.3655	158.75	1.5049	0.3655	158.75
1.5051	0.3657	158.75	1.5051	0.3657	158.75
1.5053	0.3659	158.75	1.5053	0.3659	158.75
1.5055	0.3661	158.75	1.5055	0.3661	158.75
1.5057	0.3663	158.75	1.5057	0.3663	158.75
1.5059	0.3665	158.75	1.5059	0.3665	158.75
1.5061	0.3667	158.75	1.5061	0.3667	158.75
1.5063	0.3669	158.75	1.5063	0.3669	158.75
1.5065	0.3671	158.75	1.5065	0.3671	158.75
1.5067	0.3673	158.75	1.5067	0.3673	158.75
1.5069	0.3675	158.75	1.5069	0.3675	158.75
1.5071	0.3677	158.75	1.5071	0.3677	158.75
1.5073	0.3679	158.75	1.5073	0.3679	158.75
1.5075	0.3681	158.75	1.5075	0.3681	158.75
1.5077	0.3683	158.75	1.5077	0.3683	158.75
1.5079	0.3685	158.75	1.5079	0.3685	158.75
1.5081	0.3687	158.75	1.5081	0.3687	158.75
1.5083	0.3689	158.75	1.5083	0.3689	158.75
1.5085	0.3691	158.75	1.5085	0.3691	158.75
1.5087	0.3693	158.75	1.5087	0.3693	158.75
1.5089	0.3695	158.75	1.5089	0.3695	158.75
1.5091	0.3697	158.75	1.5091	0.3697	158.75
1.5093	0.3699	158.75	1.5093	0.3699	158.75
1.5095	0.3701	158.75	1.5095	0.3701	158.75
1.5097	0.3703	158.75	1.5097	0.3703	158.75
1.5099	0.3705	158.75	1.5099	0.3705	158.75
1.5101	0.3707	158.75	1.5101	0.3707	158.75
1.5103	0.3709	158.75	1.5103	0.3709	158.75
1.5105	0.3711	158.75	1.5105	0.3711	158.75
1.5107	0.3713	158.75	1.5107	0.3713	158.75
1.5109	0.3715	158.75	1.5109	0.3715	158.75
1.5111	0.3717	158.75	1.5111	0.3717	158.75
1.5113	0.3719	158.75	1.5113	0.3719	158.75
1.5115	0.3721	158.75	1.5115	0.3721	158.75
1.5117	0.3723	158.75	1.5117	0.3723	158.75
1.5119	0.3725	158.75	1.5119	0.3725	158.75
1.5121	0.3727	158.75	1.5121	0.3727	158.75
1.5123	0.3729	158.75	1.5123	0.3729	158.75
1.5125	0.3731	158.75	1.5125	0.3731	158.75
1.5127	0.3733	158.75	1.5127	0.3733	158.75
1.5129	0.3735	158.75	1.5129	0.3735	158.75
1.5131	0.3737	158.75	1.5131	0.3737	158.75
1.5133	0.3739	158.75	1.5133	0.3739	158.75
1.5135	0.3741	158.75	1.5135	0.3741	158.75
1.5137	0.3743	158.75	1.5137	0.3743	158.75
1.5139	0.3745	158.75	1.5139	0.3745	158.75
1.5141	0.3747	158.75	1.5141	0.3747	158.75
1.5143	0.3749	158.75	1.5143	0.3749	158.75
1.5145	0.3751	158.75	1.5145	0.3751	158.75
1.5147	0.3753	158.75	1.5147	0.3753	158.75
1.5149	0.3755	158.75	1.5149	0.3755	158.75
1.5151	0.3757	158.75	1.5151	0.3757	158.75
1.5153	0.3759	158.75	1.5153	0.3759	158.75
1.5155	0.3761	158.75	1.5155	0.3761	158.75
1.5157	0.3763	158.75	1.5157	0.3763	158.75
1.5159	0.3765	158.75	1.5159	0.3765	158.75
1.5161	0.3767	158.75	1.5161	0.3767	158.75
1.5163	0.3769	158.75	1.5163	0.3769	158.75
1.5165	0.3771	158.75	1.5165	0.3771	158.75
1.5167	0.3773	158.75	1.5167	0.3773	158.75
1.5169	0.3775	158.75	1.5169	0.3775	158.75

Growing four arms won't reassure the sceptics

COMMENT

'Hanson will have a lot of explaining to do over the months ahead. Quite a number of shareholders have yet to be convinced that a big disposal, say of the tobacco division, might not have been the better approach'

Honestly, the things you have to do to get noticed these days. After years of winning the City with the ever more daring and sizeable takeover, it all went wrong for Hanson in the early 1990s when the two sales who made Hanson into a 1980s wonder stock decided to take on ICI. Hanson's shares have languished ever since. Not even the £2.5bn acquisition of Eastern Electricity could revive them. Relative to the rest of the stock market they continued to plummet, a deeply ironic turn of events for a company whose whole raison d'être was shareholder value and making the assets sweat.

In the meantime, Hanson has become a byword for the boring old, over-sized conglomerate. True, Lord Hanson has managed to keep himself in the press, but only a string of personally bylined and increasingly loopy articles on anything that takes his fancy. His columns, an unkind critic might say, are as unfocused as his company. Now he has done something guaranteed to earn a headline or two – a four-way demerger of Hanson which allows him and his son, Robert, to reinvent the old Hanson in one of his parts. Lord Hanson and his chief executive, Derek Bonham, have been making valiant efforts to streamline Hanson into its core business sectors for some years now. Demerger is the logical conclusion to that work but is this really the right approach? Other acquisitive creations of the 1980s, notably BTR and Williams, have managed to cast off the conglomerate label by transforming themselves

into industrial manufacturing companies, a process which for BTR has involved more than £3bn of disposals. This was always going to be more difficult for Hanson, which despite a substantial programme of asset sales and disposals including the prototype demerger of US Industries, still remains a group of wholly unrelated businesses.

The more radical demerger now proposed will address that problem at least, creating four companies which individually have some kind of commercial and industrial logic to them. But will it make much difference to shareholder value? Ironically, the inspiration for this demerger was the success of the ICI/Zeneca separation, which was itself in part a response to Hanson's unsuccessful siege of the group. There the justification was that once freed from one another, the two arms would be able to respond in a more savvy and flexible way to changes and opportunities in their respective industries.

Hanson's case for demerger is much the same. A more dramatic change of tack and philosophy is hard to imagine – for Hanson was famously built on the premise that the nature of the underlying businesses was wholly irrelevant provided they are run efficiently in the interests of shareholders. With the carnivore now evolved into lumbering great herbivore, the life cycle of this particular conglomerate seems finally to be complete. But though Hanson may have lost its way, it is by no means clear that the four offspring are going to fair any better. Detail

of the breakup is necessarily thin on the ground at this stage. However, it is hard to see just why four quite highly geared successors of Hanson should collectively be worth any more than the old Hanson. Furthermore, shareholders lose the advantages of Hanson's centralised Treasury and tax planning functions. In recent years these may have become less important than they were but Hanson may nonetheless have some difficulty in convincing investors that their loss, combined with the likely high cost of the demerger exercise, is outweighed by other benefits. Then there is the suspicion, strongly denied by Hanson, that in part the whole thing might be motivated by Lord Hanson's desire to give his son a decent job. The City was never going to have Robert Hanson as chief executive of the whole shebang, but a small part of the old empire? Well, he may just about get away with that. All unworthy thoughts, no doubt. Even so, Hanson will have a lot of explaining to do over the months ahead. Quite a number of shareholders have yet to be convinced that a major disposal, say of the tobacco division, might not have been the better approach.

Waiting for the EMU music to stop

As the plan for European monetary union founders, predictable attempts are being made by Europe's political elite

to restore its credibility. Matching their rhetoric with deeds, the French and Germans synchronised the announcement of joint measures yesterday designed to stimulate their economies and so help meet the Maastricht criteria.

That at any rate was the line out of Paris, where the finance minister, Jean Arthuis, announced a package of measures designed to force down the cost of bank lending, which had not fallen in line with the reduction in money market rates.

The mood music from Bonn was very different as the government there announced a typically laconic 50 point plan to tackle Germany's economic woes. There, Theo Waigel, the German finance minister insisted that there was no joint initiative on employment. Behind the scenes, German officials have been playing down the ability for a concerted attack on the economic slowdown and jobs crisis that afflict both countries.

As long as policy is dictated by the Maastricht treaty, that is no more than a statement of the obvious. The strenuous attempts being made to hit the budget deficit criterion of 3 per cent or less of GDP rule out the use of fiscal policy to counter the slowdown. Instead, monetary policy must take up the baton.

Which leaves France, as ever, dancing to the tune of the German Bundesbank. That often makes moves in interest rates virtually simultaneous, but it doesn't add up to

jointly agreed action. All the more reason, argues the French elite, to grasp the nettle of two more years of economic pain, if that means wresting control of monetary policy from the mighty German Bundesbank. A simpler course, argue the dissenters, would be to abandon the *franc fort* policy which tethers the franc to the German mark.

Given the commitment of the French political elite to the strategic containment of Germany via EMU, British hopes for an early rethink of the project are wishful thinking. But it is far from clear that the easing in monetary conditions in the past few months in France and Germany will be sufficient to reverse the economic slide.

What could make the difference is a substantial depreciation of an over-valued German mark against the dollar. The mark has been falling, but on nothing like the same scale as the yen. It's a case of *Catch 22* all over again: as long as the markets suspect EMU is a busted flush, the German Mark will retain its appeal to investors.

Economic co-ordination, whether in Europe or in the Group of Seven countries, isn't a bad idea. But this latest Franco-German attempt to choreograph economic announcements won't calm the nerves of the markets.

That key audience will continue to ask what will happen if and when the EMU music stops. The orchestra cannot go on playing for ever, particularly when the music is so discordant.

Pru set to appoint former Warburg man as new boss

JOHN EISENHAMMER
Financial Editor

The Prudential has appointed Derek Higgs, one of Warburg's top old-guard corporate financiers, to run Britain's most powerful investment institution. The position of chief executive of Prudential Portfolio Managers puts him in charge of £76bn of funds under management, and a position of unrivalled, if discreet, influence among UK corporates.

An announcement is expected shortly, ending a lengthy search for an outside replacement for Hugh Jenkins, who stepped down recently at the age of 62.

The move is a coup for Mr Higgs who was in charge of corporate finance at Warburg during its days as the City's flagship merchant bank, but who is among those of the former establishment who have suffered a loss of influence following the takeover last year by Swiss Bank Corporation.

The corporate finance department, once the envy of the City, has been undergoing a traumatic transformation, with the more aggressive, deal-

oriented American-style of SBC displacing the traditional power bases of senior executives such as Mr Higgs.

"I think many people recognise that the time of the Higgses of this world is overdue here. It is a good move for him," an SBC Warburg insider said.

Mr Higgs, 51, takes over this key post at Britain's biggest insurer at a time when fund managers, following the Granada Forte hostile takeover fight, are again the focus of public criticism for wielding too much influence and being too secretive. Unlike Mercury Asset Management, whose 14 per cent-plus stake in Forte was credited with swinging the outcome of the bid battle, the Prudential lends not to take big stakes in individual companies, rather spreading its holdings across the FT-SE 100. But the size of the funds at its disposal in the UK, equivalent to nearly 4 per cent of the stock market, makes the Pru one of the most influential shareholders in the land.

The appointment completes a cycle of big change at the Pru, prompted by the unexpected departure early last year of its chief executive, Mick Newmarch, who was himself a former head of PPM. He was replaced by Peter Davies from the publisher Reed Elsevier, an abrasive manager who is shaking up a business that had grown used to seeing itself as more of a national institution than a company. Sir Martin Jacobson moved from Postel, which manages BT and the post office's pension funds, to take over as the Pru's chairman.

The search for the replacement for the top investment management job has gone on for months, as the Pru looked for an outside heavyweight with high City standing, who will be able to bolster the insurer's investment fortunes and to handle the increasing demands of investment industry politics as the country's foremost institutional investor is expected to take a more prominent stance on corporate governance issues.

One of the strategic reasons behind the Pru's interest in Gartmore, the UK fund manager up for sale, was that it saw it as a means of solving the Jenkins' succession problem, and of bringing greater professionalism to its lacklustre pension fund performance.

Pearson to keep production companies and programming libraries in agreed £41m deal



Tough negotiating over a lengthy period: Michael Green, head of Carlton, which has agreed to buy SelectTV's cable channel for £5.2m

SelectTV sale nets chief £4m

MATHEW HORSMAN
Media Editor

Allan McKeown, husband of actress Tracy Ullman and the chief executive of SelectTV, is poised to pocket £4.2m personally, following confirmation yesterday that Pearson, the media and financial services company, has made an agreed cash offer of £46m for his company.

The deal, if accepted by SelectTV shareholders, will also give Mr McKeown, chief executive, a two-year consultancy worth £305,000 annually.

The terms are for 29p a share, or £41.5m. Another £4.5m covers the costs of exercising options by Mr McKeown and other directors. Pearson has irrevocable acceptance from shareholders holding 25 per cent of the company, including stake held by the Daily Mail & General Trust and M&L Lord Hollick's media and financial services company.

Mr McKeown will remain in Los Angeles, where he lives with his wife, the actress Tracy Ullman, whose TV series have been produced by SelectTV and her own vehicle, Mableline.

As part of the deal, Carlton, the media giant run by Michael Green, yesterday agreed to buy SelectTV's cable channel for £5.2m, while MAI is paying £30m for SelectTV's 15 per cent holding in Meridian, the ITV licence holder for the South of England, in which MAI already has 61 per cent. The total includes £3m for outstanding loan notes.

Pearson Television, whose chief executive is former LWT chief Greg Dyke, conceded that the deal took "much longer than anticipated to close." A source close to SelectTV added: "Whenever you get people like Greg Dyke, Michael Green Lord Hollick and Allan McKeown involved, the difficulties speak for themselves."

Mr Dyke first approached SelectTV last April, and was believed to be prepared to offer up to 38p or 39p a share. But as Pearson and SelectTV were members of competing consortia bidding for the new Channel 5 licence, the bid was abandoned until the award was made in October. It was won by the Pearson/MAI group, Channel 5 Broadcasting. In the six months to September, SelectTV posted a loss of £2m against a profit of £517,000 last time.

Alliance investors bank on £800 windfall

Alliance & Leicester, Britain's fourth-biggest building society, today announces plans to become a bank, holding out the prospect of a share windfall worth £800 on average for its 3 million members. The company is expected to have a value of around £2.5bn when it floats on the Stock Exchange, writes John Eisenhammer.

In a surprise development, the Alliance & Leicester intends to hold the vote on its plans by its members before the

end of this year. This means it should be in a position to float early in 1997, ahead of its rivals, the Halifax and the Woolwich.

The Alliance & Leicester is also expected to set a retrospective cut-off date for share benefits of 31 December 1995. Those people who have poured millions of pounds into speculative accounts opened since the new year are likely to be left out of the share handout that will accompany flotation.

There is also speculation that the society might offer customers a price promise, in the shape of a guarantee of competitive savings and mortgage borrowing rates, to pre-empt criticism that customers will be disadvantaged by the loss of mutual status.

The Woolwich announced its plans to change to bank status earlier this month, and is aiming to float in August 1997. The Halifax, the biggest building society, which has merged with the Leeds, started the

conversion ball rolling in 1994, arguing that the greater freedoms that come with bank status are essential in the increasingly competitive retail market.

The Alliance & Leicester's access accounts with membership rights, so removing from investors the option of opening such an account with a balance of only £500. But this move had failed to stem the unprecedented influx of speculative funds.

Property Trust (Pvt) Holdings Limited

Interim results for the six months ended 30 September 1995

Although the UK property market has taken a step back and in general the operating environment has not improved as many people had expected, I am pleased to report that our profits for the six months ended 30 September 1995 were £271,000, compared with £254,000 for the corresponding period last year.

We have continued to pursue our stated policy, which is to exploit the unstable market conditions and acquire tenanted properties with scope for enhancement by active management rather than by relying on market trends. In September 1995 we completed the acquisition of a £10m portfolio of properties, details of which were sent to shareholders on 8 August 1995.

In December 1995 construction work began on the property in Guangzhou, China, in which the group has a one-third interest. Phase 1 of the scheme is a 32-storey apartment tower of 38,000 sq m (409,000 sq ft) gross. It will comprise 56 apartments of 88 sq m (947 sq ft), 168 apartments of 100 sq m (1,076 sq ft), a four-level (three superstructure, one substructure) retail podium of 6,333 sq m (68,143 sq ft) and an underground car park of 10,000 sq m (107,600 sq ft).

As to the future we will continue with our policy, which I believe has proven to be successful, and should enable us to enjoy optimum increases in both income and capital value when stronger market conditions return.

In view of the costs of circulation, the Directors have decided that the interim results will be published in the Independent on 31 January 1996.

Anthony Cheng
Chairman, 30 January 1996

Consolidated Profit and Loss Account

	6 months ended 30 September 1995	1994	Year ended 31 March 1995
	£000	£000	£000
Turnover	1,137	1,130	2,292
Cost of sales	(142)	(158)	(283)
Gross profit	995	972	2,009
Administrative expenses	(246)	(280)	(611)
Operating profit	749	692	1,398
Surplus on disposal of investment properties	-	-	374
Interest receivable and similar income	33	3	20
Amounts written off investments	-	(5)	(5)
Interest payable and similar charges	(511)	(436)	(910)
Profit on ordinary activities before taxation	271	254	877
Taxation	-	-	(10)
Profit on ordinary activities after taxation	271	254	867
Earnings per share	1.4p	1.3p	4.6p
Fully diluted earnings per share	0.6p	0.3p	2.5p

NOTES: These results have been prepared in accordance with Financial Reporting Standard 3 (FRS3). The unaudited financial statements for the six months ended 30 September 1995 do not constitute statutory accounts. They have been drawn up using accounting policies and presentation consistent with those applied in the year ended 31 March 1995. The audited revenue account for the year ended 31 March 1995 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985 and is an extract from the latest published accounts of the group which has been delivered to the Registrar of Companies and contain an unqualified auditors' report. The Directors do not recommend an interim dividend.

Murdoch plans global TV news operation

DAVID USBORNE
New York

Rupert Murdoch, the chairman of News Corporation, formally joined the race to take on Ted Turner's CNN network by vowing to launch his own global all-news television channel before the end of this year.

Announcing the project in New York, Mr Murdoch said he intended spending between \$80 million and \$100 million this year to give birth to the service, which he plans to distribute by any means possible, whether by traditional broadcast means, on cable or via satellite.

The new service is to be headed by Roger Ailes, a veteran advisor to both recent Republican presidents, Ronald Reagan and George Bush, who until recently was running CNBC, the US cable service operated by NBC which carries business news during the day and talk shows in the evening.

But Mr Murdoch will not be alone in seeking to displace CNN from its current monopoly in providing 24-hour television news. In recent weeks,

both ABC and NBC in the United States announced similar plans to launch cable news channels. NBC will be doing so in collaboration with Microsoft, the software giant.

Mr Murdoch indicated that his service will be made available in markets around the globe, including in Europe, Latin America and Asia. To begin with, programming will be crafted for worldwide audiences. As it develops, however, the service will begin to offer local perspectives to specific

audiences. "I'm a believer that all news is local news," he said. "If you are looking for mass audiences, you have to repackage... it has to come slowly."

Though Mr Murdoch said the service will draw on the news operations of his Fox Television network in the US, in reality the Fox stations have only rudimentary news-gathering capabilities that are vastly inferior to those of NBC and ABC. Nor will it be easy for Mr Murdoch to negotiate access to airwaves and cable distribution systems in the US, which are already largely saturated.

Mr Ailes is likely to be regarded as a shrewd choice. For NBC he piloted CNBC into profit and created another all-talk channel, *America's Talking*. Shortly before his resignation earlier this month, NBC announced that it would shelve *America's Talking* to make way for its own all-news channel.

For Mr Murdoch, the decision signals a change in priorities, towards expanding his empire. Over recent months he had been seen as a possible predator in the rash of US media mergers.



Rupert Murdoch: Plans to take on CNN in global news

IN BRIEF

Exchange plans to deter 'insider traders'

The London Stock Exchange plans to deter "insider traders" by making public more of its share-dealing investigations. Earlier this month it took the unusual step of making a public announcement to confirm that it had referred an investigation into share-dealings in Caradon, the UK building products group, to the Department of Trade and Industry for further consideration. The Stock Exchange is aware that there have been few successful prosecutions of insider dealing in the City and believes more publicity of its investigations might have a deterrent effect.

Bridgeman sceptical of merger claims

John Bridgeman, Director-General of Fair Trading, said last night he was suspicious of claims of efficiency gains from mergers and of statements that UK firms must be larger to compete in international markets, writes Peter Rodgers. His comments appeared to be a rejection of ideas that the UK must grow national champion firms, regardless of the impact on competition. In a speech to the European Policy Forum in London he also said that management too often underestimated the problem of carrying through mergers especially of companies in unrelated fields.

Railtrack sales team to be beefed up

The Government is expected to announce today the appointment of UBS and Merrill Lynch as joint global managers in the sale of shares in Railtrack to institutions, joining SBC Warburg, the global co-ordinator. The three-strong team is a continuation of the trend towards smaller banking syndicates in privatisations. A second tier of between six and eight co-managers is expected to be announced soon.

Takeover Panel forces Gehe's hand

The Takeover Panel yesterday forced Gehe, the German drugs wholesaler, to issue a statement confirming that it was considering making a rival offer for Lloyds Chemists.

THE INVESTMENT COLUMN
Edited by TOM STEVENSON

Bonds look better than equities

A superficial reading of the latest annual BZW equity-gilt study suggests that equities should remain the sure-fire choice for investors. Last year saw a real total return from equities of 19.5 per cent, comfortably outstripping the 15.5 per cent on gilts.

On a 10- and 20-year basis, the out-performance of equities appears even more outstanding. Real returns on equities averaged 10.6 per cent a year since 1975, compared with 6 per cent for gilts.

Yet a different picture emerges for the 1990s to date, when the margin between equities and gilts has diminished substantially. Since 1990, the average annual return on gilts of 10.6 per cent has been much closer to the 12.7 per cent return on equities.

Indeed BZW says that the past 14 years have seen the longest post-war bull market in gilts. Not since the early 1930s have gilt investors had a similar home run to celebrate.

This re-rating of gilts has come mainly from declining inflationary expectations. A secondary factor is the maturing of pension funds and the effect of the Pensions Act in pushing funds to increase their weighting of bonds to comply with minimum funding requirements.

According to BZW, the scope for bonds to make further gains from lower inflation is now limited. That seems too pessimistic a view, but there is something in the argument that the main long-term impetus for gilts will now switch to expectations of real progress in curbing budget deficits.

On both counts, however, the medium-term outlook for gilts still looks a lot more promising than the prospects for equities. As the chart shows, the stock market is flirting with a degree of over-valuation not seen since the early 1970s. Indeed the deviation of almost 40 per cent is one of the largest ever recorded.

Sooner or later, the BZW trend line suggests, the equity market is likely to have a great fall. But Michael Hughes, the firm's head of global strategy, warns that these periods of over-valuation can persist for quite long periods. Demographics are on the side of the markets, as the baby-boom generation moves into its peak age for saving.

However, the political risks are growing. If and when a Labour government is elected, the signs are that they will be tougher on the public finances and inflation than is generally expected. But equities could be unsettled by the impact of the minimum wage and steps to encourage long-term

investors, not to mention a further assault on the tax privileges of pension funds by cutting the tax credit on advance corporation tax.

In the long run, equities may be the better bet, but don't write off the chances of the bull market in gilts breaking new records. For the rest of the decade, bonds look the safer and more remunerative bet.

Texans hooked on Sotheby's

Shares in Sotheby's Holdings, the world's biggest fine art auction house, have leapt 100p since the Bass family of Texas emerged as big shareholders at the end of last week. Share-buying earlier this month has taken the Bass stake to 7.7 per cent of the low-voting A shares, sending them to 985p, an 18-month high.

This excitement is based on the past reputation of the Texas-based Bass family, who have already amassed what is described as a "modest" fortune in Texan oil and are active corporate investors.

Robert Bass, who broke with the rest of the family some years ago, has in the past made tilts at Macmillan, the US

publishing giant, and Continental Airlines, where he was linked with a bid from Air Canada in 1992.

But it is the rest of his family, led by Sid Bass, who are involved with Sotheby's and their style has been markedly different from brother Robert. Known as investors in what they see as undervalued companies, they have substantially increased their wealth by pursuing a strategy of working with existing managements.

Their involvement as investors in the Walt Disney Company seems to have coincided with a period of revival at the famous entertainment group, while an investment in Quinta, a chain of US motor lodges, has also turned out well.

Sotheby's management have welcomed the increased interest from the Bass group. As well as the family's relative benevolence to incumbent management, Sotheby's board can rest safe in the knowledge that the group is protected from hostile takeover by chairman Alfred Taubman's control of the high-voting B shares.

The Bases may also have just timed their share-buying to coincide with a revival in the company's fortunes after five lean years.

At the end of December, the group reported 1995 auction sales up a quarter to \$1.66bn (£1.05bn), the fourth

highest level on record. Even so, they remain well below the record high of \$2.9bn achieved in 1989.

Net earnings for 1995 are likely to have jumped from \$20.3m to \$31m, and are expected to rise to \$42m this year. But on a forward multiple of 20, the shares are up with events.

Fish and chips - at a price

It has been quite a week for Harry Ramsden's, the fish and chip shop group. On Monday the shares jumped 34p - or 13 per cent - when it announced a deal with Compass, the catering group, to open more branches in airports. Up to 15 restaurants will open over the next five years in locations such as Singapore and Malaga. Compass will operate the outlets while the Leeds-based chip shop group takes a percentage of revenues.

Yesterday the shares rose a further 8p to 319p on the back of good results. Harry Ramsden's may be an illiquid stock, with only 8.8 million shares in issue, but the shares have increased by a third this month alone.

Last year's figures continued what has been a very steady performance since the company joined the stock market in 1989.

Profits for the year to October jumped 21 per cent to £1.1m on sales up 16 per cent to £4.2m. This was in spite of higher potato prices, which affected margins, and the hot summer, which held back sales in some restaurants, though seaside locations such as Blackpool and Bournemouth did well.

The group has 16 restaurants, with another opening in Belfast next month. John Barnes, chairman, thinks there is room for 30 and the plan is to add more branches around the M25.

In other activities, the Ross Chip Shop chips and battered fish range has been followed up with other product launches in November.

The Henry Higgins joint venture - which concentrates on smaller outlets - also looks promising.

The Harry Ramsden's group has been an enjoyable ride for investors who embarked at the beginning and have seen their investment treble. But for those who missed out the shares are looking expensive. House broker Henderson Crosthwaite is forecasting profits of £1.3m for the current year, which puts the shares on a forward rating of more than 30. Enough to give anyone indigestion.

John Willcock CITY DIARY
One last chance for Forte's furious investors

The Forte-Granada bid battle appears to be ending with a series of whimpers. No sooner has Sir Rocco Forte finished clearing his desk than Granada is moving to neutralise a potentially stormy Forte shareholders' meeting.

Part of the unsuccessful Forte defence was a planned £1.05bn sale of the Happy Eater and Little Chef restaurant chains to Whi bread.

An egm in London was expected to approve the deal tomorrow morning. The egm appeared to many observers to provide a perfect arena for dissatisfied Forte shareholders to vent their spleen on the deal and the management's behaviour. Despite Granada's victory the meeting has to go ahead. Granada discovered that the only way legally to stop the Whitbread deal was to hold the egm and immediately adjourn it.

Just to make sure, direct marketing personnel from Granada were last night phoning Forte private

shareholders to try to persuade them it was not worth turning up. Will the shareholders be silenced? Watch this space.

The BBC World Service is seeking to recruit someone to produce a radio soap opera in Romania which will "increase understanding about business and privatisation among the general population".

The successful applicant would fly out to Bucharest and train a team of local writers and actors to create the series. The World Service has already successfully produced such soaps in other parts of the post-Communist world, such as a co-production with Radio Russia entitled *Dom 7*, *Podkova 4*, or "House 7, Entrance 4". That soap was intended to "stimulate debate about the values of the wider business scene in Russia," according to the Beeb.

Apparently the need for such a soap in Romania is urgent, because the privatisation programme has failed to

take off. World Bank loans depend on privatisation targets being met. Yet Romanians failed to understand even the simplest "Tell Sir" type sell-off campaign.

Fewer than 10 per cent of them used free coupons, to bid for companies being sold off. Hence the soap. Suggested titles on a postcard please.

Stock market rumours last week which suggested that Royal Bank of Scotland was in talks to buy Mercury Asset Management (MAM) prompted the bank to issue an official denial. But there was a fire under all that smoke.

The canny Scottish bankers have discovered that providing custody services is a dull but highly lucrative business, and were talking to MAM about buying its custody arm. Custody consists of looking after international securities portfolios for institutions, and MAM had been looking for a buyer for its operation for some time. The talks continue.



The company that produces Del-Boy's favourite motor, the three-wheeled Reliant Robin, may be in administration at the moment. But the *Only Fools and Horses* character could soon be driving around in a new electrically powered version if Sir Clive Sinclair, developer of the infamous C5 (pictured right), has his way.

Sir Clive began talks with Tamworth-based Reliant about producing a successor to the C5 last year, before administrators were sent in in December. Now the inventor plans to restart talks when a buyer for Reliant is found. The new electric car would travel at up to 50mph and Sir Clive claims it would have a string of benefits for the driver.

"The car would be cheap to buy and extremely cheap to run because the fuel is almost free by comparison to petrol. You would have very little to go wrong and the service costs would be negligible." Lovely jubbly.

Tomkins finalises Gates acquisition at £768m

MAGNUS GRIMOND

Tomkins, the American lawnmowers to British cars conglomerate, has completed its long-delayed acquisition of the US Gates group at a price of \$1.16bn (£768m).

The deal, first announced in mid-December, had been held up by a technical hitch "unrelated to either Tomkins or the business", according to Greg

Hutchings, the British group's executive chairman. Denver-based Gates gives Tomkins the world's biggest manufacturer of power transmission belts and hose products for the automotive industry.

The terms of the acquisition involve the issue by Tomkins of \$696m (£461m) of perpetual convertible preference shares, yielding 6.7 per cent, and \$464m (£307m) in redeemable con-

vertible preference shares, yielding 5.25 per cent. Full conversion would involve the issue of ordinary shares equivalent to 15.7 per cent of Tomkins' existing ordinary capital.

The family trusts which control Gates have said they have "no current plan or intention" to sell the shares they receive as a result of the deal. Charles Gates, chairman, chief executive and president of Gates, has ac-

cepted an invitation to join the board of Tomkins as a non-executive director.

Mr Hutchings said yesterday the strategy would now be to develop the Gates business into new geographical areas, where there was growing demand for cars, trucks, computers and photocopyers - all products in which Gates' belts are used. The US group is already represented in Japan, South Korea and various

Latin American countries. The plan is to follow big manufacturers like Ford into developing areas like India and China.

Current investment plans would be maintained or possibly even increased, Mr Hutchings said. With Tomkins' net cash pile currently standing at £300m and Gates' borrowings standing at \$250m, the deal would not add to gearing.

The deal was broadly wel-

comed by analysts yesterday, with Tomkins shares adding 1.5p to 281p. Martin Bonford of UBS described it as "fair and reasonable" without looking stunningly attractive. He suggested there would not be much scope for further recovery in a business already making margins of 8 per cent. He calculated the exit multiple at 15, based on estimated profits of around \$110m for last year.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Adams Group (p)	22.5m (11.5m)	2.67m (2.12m)	9.5p (8.6p)	3.5p (3p)
Bathurst Group (p)	6.88m (1.14m)	-1.15m (-2.02m)	-1.2p (-2p)	nil (nil)
SalesTV (p)	5.95m (5.51m)	-2.09m (0.52m)	-1.48p (0.21p)	nil (nil)
Canter Workshop Group (p)	19.5m (14.9m)	3.17m (2.47m)	6.6p (5.5p)	2p (1.5p)
Larson (p)	29.1m (17.5m)	0.97m (0.17m)	12.7p (2.7p)	8.8p (1p)
Property Trust (p)	1.14m (1.13m)	0.27m (0.25m)	1.4p (1.3p)	nil (nil)
Henry Hargreaves (p)	4.33m (3.72m)	1.15m (0.95m)	5p (4.2p)	5p (4.5p)
Wyle (p)	41.8m (28.9m)	2.03m (2.74m)	2.74p (1.37p)	7p (0.5p)

pf - Profit (p) - Interest (p) - Nine months

IN BRIEF

Adscene lifts profits 26%

Adscene, the media group, has lifted profits 26 per cent to £2.67m in the six months to November on doubled sales of £11.47m. Four newspaper businesses have been acquired in the second half at a cost of £30m. The stabilisation of newspaper costs and contributions from recent acquisitions should help the full-year figures.

Games Workshop sales bounce

Strong sales in Europe and Australasia helped Games Workshop, the computer games stores retailer, to a 28 per cent rise in profits in the first half to £3.17m. The company is developing sales to independent retailers and through mail order. Six new stores opened in the first half.

QS Holding trades at break-even

QS Holdings, the discount group that announced a £743,000 loss in October, said trading in the second half had been at break-even level. A final dividend is unlikely, however. Sales were strong in December with a record week before Christmas.

Chiroscience teams up with Belgians

Chiroscience, the biotechnology group, has signed a world-wide collaboration deal with Confl BPC of Belgium for its analgesic and non-steroidal anti-inflammatory drug (S)-Naproxen. The agreement has the potential to generate annual revenues of over \$20m in three to four years, with profits shared equally between the two companies, according to Chiroscience.

HTV raises £25m for media rights

HTV Group, the independent television franchise holder for Wales and the west of England, has raised £25m for a fund to acquire, originate and co-produce media rights. The money will support a new world-wide rights division. Harvest Entertainment, to be launched as part of a strategy to increase profits from rights activities.

Greenalls joins ranks of top 100

JOHN SHEPHERD

Greenalls Group yesterday capped six years of radical change and an aggressive acquisition policy by joining the UK's corporate elite - becoming a constituent of the FTSE 100 index. The company replaces Forte, which last week lost its £3.9bn fight for independence against Granada.

Shares in Greenalls climbed 10.5p to 608.5p, valuing the group at £1.76bn. Greenalls' market value was the highest of a short-list of six - which included Mercury Asset Management and MEPC - at the close of dealings on the stock market yesterday.

Dealers are anticipating hectic trading in the company's shares in the next couple of weeks because FTSE 100 index tracker funds will need to hold the shares.

Peter Greenall, managing director and one of the last remaining family members at the pubs and hotels group, said the elevation of the shares into Footsie was "recognition that we are at the top of our industry." However, he said the goal of

seeing the shares into the top 100 was secondary to "having a dominant market position within the industry."

Greenalls was fast to adapt to changes in the industry in recent years, largely sparked by the controversial Beer Orders in 1989 that forced big brewers to sell thousands of pubs.

The company responded by withdrawing from brewing to concentrate on pub management, and almost simultaneously cut the restrictive family ties by dismantling its two tier share structure.

The share enfranchisement, which considerably loosened the family's grip, enabled the company to use its equity to unleash a series of acquisitions. Two deals in particular have transformed the group. They were the purchases of Devenish, the West Country pub group, and last year's £527m deal to buy Boddington, its main rival in the North West.

Separately, Wolverhampton & Dudley Breweries cheered investors with a reasonably bullish trading statement at the annual shareholders meeting. Shares rose 5p to 596p.

Quality Software shares continue dive

NIGEL COPE

Shares in Quality Software Products, the accountancy-software group, fell a further 125p to 355p yesterday following a profits warning on Monday.

The shares have lost half of their value in two days and stand below the 380p issue price when the company came to the stock market in 1993.

QSP issued no fresh infor-

mation yesterday and no trades were recorded in the stock.

The Gateshead-based company has blamed its problems on the delay of contracts which it had expected to be signed last year but which have been delayed. This will cut around £2.3m from profits. Further costs will be incurred as a result of staff rationalisation. Analysts have cut profit forecasts from £3m to £500,000 for last year.

Much of the re-organisation costs are associated with QSP's purchase of its US distributor Global Software last year. This was funded by a £14.7m rights issue at 535p per share.

Global is based in North Carolina and linked up with QSP in 1994.

The relationship has proved a disappointment which QSP has blamed on Global's lack of working capital. The US

accounting-software market accounts for around 35 per cent of the world total but has proved difficult for UK companies to crack.

In October QSP announced half-year profits of £805,000, an increase of 30 per cent. However, some analysts have been cautious about the company as it capitalises research and development expenditure. But for this it would be making losses.

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Change Rates

Foreign Exchange			DOLLAR		Spot
Country	Spot	1 month 3 months	Spot	1 month 3 months	Spot
STERLING			1000	—	0-5
US	15043	11-8 35-35	13765	94-22	95-25
Canada	20379	49-11 45-41	14689	94-22	95-25
France	22292	65-00 302-39	51995	65-72	65-85
Germany	20459	77-12 200-291	10779	49-48	4-1
Italy	8134	5-12 45-39	30550	60-40	62-10
ECU	12252	5-12 45-39	37652	57-47	58-10
Japan	1000	5-12 45-39	1000	32-39	33-10
Denmark	8194	54-72 102-12	15901	46-10	47-10
Norway	25939	57-11 25-9	52528	97-42	98-10
Sweden	10549	57-11 25-9	14859	58-83	59-10
Finland	8954	57-11 25-9	1235	35-35	36-10
Holland	16948	62-75 45-50	17481	59-51	60-10
Switzerland	10478	62-75 45-50	17481	59-51	60-10
Spain	10555	62-75 45-50	17481	59-51	60-10
Australia	10391	56-50 87-19	17481	59-51	60-10
New Zealand	10391	56-50 87-19	17481	59-51	60-10
South Africa	38500	71-31 107-10	14609	61-30	62-10
United Arab Emirates	29810	0-0 0-0	14609	61-30	62-10
Qatar	55420	0-0 0-0	14609	61-30	62-10
Saudi Arabia	55420	0-0 0-0	14609	61-30	62-10
Yemen	23800	0-0 0-0	14609	61-30	62-10

OTHER SPOT RATES		Currency	Dollar	Currency

Country	Stores	1989	1990
Argentina	15,782	16,099	
Brazil	6,768	13,917	
Canada	10,980	3,384	
China	5,705	45,708	
Egypt	6,678	149,000	
France	24,616	24,000	
Greece	37,136	30,000	
India	54,282	60,000	
Italy	4,007	6,285	
Japan			1,000
Malaysia			1,000
Mexico			1,000
Netherlands			1,000
Philippines			1,000
Portugal			1,000
Russia			1,000
Saudi Arabia			1,000
Spain			1,000
South Africa			1,000
Taiwan			1,000
Thailand			1,000
UAE			1,000
USA			1,000
West Germany			1,000
Yugoslavia			1,000

Notes: Forward names quoted high to low rates in the discount (bushel) from spot rates, those quoted backward are not. * - "Other" includes all countries not recognized for the survey. ** - "Other" includes all countries not recognized for the survey.

Exchange Rates

Tourist Rates

C Baya	19700	C Baya	74300
Australia(Dollars)	553000	France(France)	23750
Austria(Schillings)	444000	Germany(Mark)	367000
Belgium(Francs)	20200	Greece(Drachmas)	114500
Canada(Dollars)	10700	Hong Kong(Dollars)	03800
Ceylon(Pounds)	6400	India(Pounds)	236000
Denmark(Krone)	24400	Italy(Lira)	593000
Holland(Guilder)	67800	Japan(Yen)	05400
		C Baya	74300
		New Zealand(Dollars)	
		Norway(Krone)	
		Portugal(Escudos)	
		Spain(Pesetas)	
		Sweden(Krone)	
		Switzerland(Francs)	
		Switzerland(Lira)	
		United States(Dollars)	

Interest Rates

UK	62%	Germany	800%	US	87%	Deutsche
Banks		Discount		Prime	52%	Belgian
France		London	500%	Fixed Funds		Central
Intervention	580%	Canada		Spain		Switzerland
Italy		Prime	77%	10-Day Repo	92%	Discount
Discount	800%	Discount	57%	Securities		London
Netherlands		Denmark		Repo (Avg)	84%	
Advances	330%	Discount	42%			

Bond Yields

1995	721	Country	9%	6%	15%	54%	Spain	10%	973	1
1996	731	UK	6%	5.3%	5.7%	54%	Italy	10.1%	973	1
1997	741	US	5.1%	17%	45%	231	Belgium	7.9%	521	1
1998	751	Japan	6.4%	17%	45%	231	Sweden	11%	731	1
1999	761	Australia	8.1%	4.2	8%	535	ECU OAT	9.4%	531	1
2000	771	Germany	5.9%	4.2	8%	535				
2001	781	France	5.1%	5.3	7.1%					
2002	791									
2003	801									
2004	811									
2005	821									
2006	831									
2007	841									
2008	851									
2009	861									
2010	871									
2011	881									
2012	891									
2013	901									
2014	911									
2015	921									
2016	931									
2017	941									
2018	951									
2019	961									
2020	971									
2021	981									
2022	991									
2023	1001									
2024	1011									
2025	1021									
2026	1031									
2027	1041									
2028	1051									
2029	1061									
2030	1071									
2031	1081									
2032	1091									
2033	1101									
2034	1111									
2035	1121									
2036	1131									
2037	1141									
2038	1151									
2039	1161									
2040	1171									
2041	1181									
2042	1191									
2043	1201									
2044	1211									
2045	1221									
2046	1231									
2047	1241									
2048	1251									
2049	1261									
2050	1271									
2051	1281									
2052	1291									
2053	1301									
2054	1311									
2055	1321									
2056	1331									
2057	1341									
2058	1351									
2059	1361									
2060	1371									
2061	1381									
2062	1391									
2063	1401									
2064	1411									
2065	1421									
2066	1431									
2067	1441									
2068	1451									
2069	1461									
2070	1471									
2071	1481									
2072	1491									
2073	1501									
2074	1511									
2075	1521									
2076	1531									
2077	1541									
2078	1551									
2079	1561									
2080	1571									
2081	1581									
2082	1591									
2083	1601									
2084	1611									
2085	1621									
2086	1631									
2087	1641									
2088	1651									
2089	1661									
2090	1671									
2091	1681									
2092	1691									
2093	1701									
2094	1711									
2095	1721									
2096	1731									
2097	1741									
2098	1751									
2099	1761									
2100	1771									
2101	1781									
2102	1791									
2103	1801									
2104	1811									
2105	1821									
2106	1831									
2107	1841									
2108	1851									
2109	1861									
2110	1871									
2111	1881									
2112	1891									
2113	1901									
2114	1911									
2115	1921									
2116	1931									
2117	1941									
2118	1951									
2119	1961									
2120	1971									
2121	1981									
2122	1991									
2123	2001									
2124	2011									
2125	2021									
2126	2031									
2127	2041									
2128	2051									
2129	2061									
2130	2071									
2131	2081									
2132	2091									
2133	2101									
2134	2111									
2135	2121									
2136	2131									
2137	2141									
2138	2151									
2139	2161									
2140	2171									
2141	2181									
2142	2191									
2143	2201									
2144	2211									
2145	2221									
2146	2231									
2147	2241									
2148	2251									
2149	2261									
2150	2271									
2151	2281									
2152	2291									
2153	2301									
2154	2311									
2155	2321									
2156	2331									
2157	2341									
2158	2351									
2159	2361									
2160	2371									
2161	2381									
2162	2391									
2163	2401									
2164	2411									
2165	2421									
2166	2431									
2167	2441									
2168	2451									
2169	2461									
2170	2471									
2171	2481									
2172	2491									
2173	2501									
2174	2511									
2175	2521									
2176	2531									
2177	2541									
2178	2551									
2179	2561									
2180	2571									
2181	2581									
2182	2591									
2183	2601									
2184	2611									
2185	2621									
2186	2631									
2187	2641									
2188	2651									
2189	2661									
2190	2671									
2191	2681									
2192	2691									
2193	2701									
2194	2711									
2195	2721									
2196	2731									
2197	2741									
2198	2751									
2199	2761									
2200	2771									
2201	2781									
2202	2791									
2203	2801									
2204	2811									
2205	2821									

	1 Day	7 Day
Money Market Rat		

	O'Night	7 Day	15 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5%	6%	6%	6%	6%	6%	6%
Starting CDs	5%	6%	6%	6%	6%	6%	6%
1 Month	5%	6%	6%	6%	6%	6%	6%
3 Months	5%	6%	6%	6%	6%	6%	6%
6 Months	5%	6%	6%	6%	6%	6%	6%
1 Year	5%	6%	6%	6%	6%	6%	6%
Local Authority Bonds	5%	6%	6%	6%	6%	6%	6%
Discount Market Deals	5%	6%	6%	6%	6%	6%	6%
Terminals (Buy)	5%	6%	6%	6%	6%	6%	6%
Terminals (Sell)	5%	6%	6%	6%	6%	6%	6%
ECU Linked Dep	5%	6%	6%	6%	6%	6%	6%

Liffe Financial Fut

[illegible]

40.32	0.01	Eurolira	(Mar 90)
40.96	0.44		
42.43	0.40		
45.43	0.04		

Life FT-SE Index

Line 1		closing offer price	
Settlement price: 3732.0	3660	3700	3750
Series .	108/7	31/7	31/37
February	127/27	81/42	81/62
March	137/46	107/66	79/87
April	156/62	126/80	97/102
May			

6.54	47.20	2.80
6.57	47.20	2.80
6.59	47.20	2.80
6.60	47.20	2.80

[illegible]

AGRICULTURAL	Costs	Bar
278.56	255.25	
367.26	325.54	
771.78	718.28	
126.38	144.58	
104.15	178.67	

[illegible]

Other Softs (Agricultural)	Jan	Mar (No.3)**	Storm
	60.00	60.00	Storm

[illegible]

COMMODITY INDICES

	7/23	7/20	7/19	7/18	7/17	7/16	7/15	7/14	7/13	7/12	7/11	7/10	7/9	7/8	7/7	7/6	7/5	7/4	7/3	7/2	7/1	6/30	6/29	6/28	6/27	6/26	6/25	6/24	6/23	6/22	6/21	6/20	6/19	6/18	6/17	6/16	6/15	6/14	6/13	6/12	6/11	6/10	6/9	6/8	6/7	6/6	6/5	6/4	6/3	6/2	6/1	5/31	5/30	5/29	5/28	5/27	5/26	5/25	5/24	5/23	5/22	5/21	5/20	5/19	5/18	5/17	5/16	5/15	5/14	5/13	5/12	5/11	5/10	5/9	5/8	5/7	5/6	5/5	5/4	5/3	5/2	5/1	4/30	4/29	4/28	4/27	4/26	4/25	4/24	4/23	4/22	4/21	4/20	4/19	4/18	4/17	4/16	4/15	4/14	4/13	4/12	4/11	4/10	4/9	4/8	4/7	4/6	4/5	4/4	4/3	4/2	4/1	3/31	3/30	3/29	3/28	3/27	3/26	3/25	3/24	3/23	3/22	3/21	3/20	3/19	3/18	3/17	3/16	3/15	3/14	3/13	3/12	3/11	3/10	3/9	3/8	3/7	3/6	3/5	3/4	3/3	3/2	3/1	2/28	2/27	2/26	2/25	2/24	2/23	2/22	2/21	2/20	2/19	2/18	2/17	2/16	2/15	2/14	2/13	2/12	2/11	2/10	2/9	2/8	2/7	2/6	2/5	2/4	2/3	2/2	2/1	1/31	1/30	1/29	1/28	1/27	1/26	1/25	1/24	1/23	1/22	1/21	1/20	1/19	1/18	1/17	1/16	1/15	1/14	1/13	1/12	1/11	1/10	1/9	1/8	1/7	1/6	1/5	1/4	1/3	1/2	1/1	12/31	12/30	12/29	12/28	12/27	12/26	12/25	12/24	12/23	12/22	12/21	12/20	12/19	12/18	12/17	12/16	12/15	12/14	12/13	12/12	12/11	12/10	12/9	12/8	12/7	12/6	12/5	12/4	12/3	12/2	12/1	11/30	11/29	11/28	11/27	11/26	11/25	11/24	11/23	11/22	11/21	11/20	11/19	11/18	11/17	11/16	11/15	11/14	11/13	11/12	11/11	11/10	11/9	11/8	11/7	11/6	11/5	11/4	11/3	11/2	11/1	10/31	10/30	10/29	10/28	10/27	10/26	10/25	10/24	10/23	10/22	10/21	10/20	10/19	10/18	10/17	10/16	10/15	10/14	10/13	10/12	10/11	10/10	10/9	10/8	10/7	10/6	10/5	10/4	10/3	10/2	10/1	9/30	9/29	9/28	9/27	9/26	9/25	9/24	9/23	9/22	9/21	9/20	9/19	9/18	9/17	9/16	9/15	9/14	9/13	9/12	9/11	9/10	9/9	9/8	9/7	9/6	9/5	9/4	9/3	9/2	9/1	8/31	8/30	8/29	8/28	8/27	8/26	8/25	8/24	8/23	8/22	8/21	8/20	8/19	8/18	8/17	8/16	8/15	8/14	8/13	8/12	8/11	8/10	8/9	8/8	8/7	8/6	8/5	8/4	8/3	8/2	8/1	7/31	7/30	7/29	7/28	7/27	7/26	7/25	7/24	7/23	7/22	7/21	7/20	7/19	7/18	7/17	7/16	7/15	7/14	7/13	7/12	7/11	7/10	7/9	7/8	7/7	7/6	7/5	7/4	7/3	7/2	7/1	6/30	6/29	6/28	6/27	6/26	6/25	6/24	6/23	6/22	6/21	6/20	6/19	6/18	6/17	6/16	6/15	6/14	6/13	6/12	6/11	6/10	6/9	6/8	6/7	6/6	6/5	6/4	6/3	6/2	6/1	5/31	5/30	5/29	5/28	5/27	5/26	5/25	5/24	5/23	5/22	5/21	5/20	5/19	5/18	5/17	5/16	5/15	5/14	5/13	5/12	5/11	5/10	5/9	5/8	5/7	5/6	5/5	5/4	5/3	5/2	5/1	4/30	4/29	4/28	4/27	4/26	4/25	4/24	4/23	4/22	4/21	4/20	4/19	4/18	4/17	4/16	4/15	4/14	4/13	4/12	4/11	4/10	4/9	4/8	4/7	4/6	4/5	4/4	4/3	4/2	4/1	3/31	3/30	3/29	3/28	3/27	3/26	3/25	3/24	3/23	3/22	3/21	3/20	3/19	3/18	3/17	3/16	3/15	3/14	3/13	3/12	3/11	3/10	3/9	3/8	3/7	3/6	3/5	3/4	3/3	3/2	3/1	2/28	2/27	2/26	2/25	2/24	2/23	2/22	2/21	2/20	2/19	2/18	2/17	2/16	2/15	2/14	2/13	2/12	2/11	2/10	2/9	2/8	2/7	2/6	2/5	2/4	2/3	2/2	2/1	1/31	1/30	1/29	1/28	1/27	1/26	1/25	1/24	1/23	1/22	1/21	1/20	1/19	1/18	1/17	1/16	1/15	1/14	1/13	1/12	1/11	1/10	1/9	1/8	1/7	1/6	1/5	1/4	1/3	1/2	1/1	12/31	12/30	12/29	12/28	12/27	12/26	12/25	12/24	12/23	12/22	12/21	12/20	12/19	12/18	12/17	12/16	12/15	12/14	12/13	12/12	12/11	12/10	12/9	12/8	12/7	12/6	12/5	12/4	12/3	12/2	12/1	11/30	11/29	11/28	11/27	11/26	11/25	11/24	11/23	11/22	11/21	11/20	11/19	11/18	11/17	11/16	11/15	11/14	11/13	11/12	11/11	11/10	11/9	11/8	11/7	11/6	11/5	11/4	11/3	11/2	11/1	10/31	10/30	10/29	10/28	10/27	10/26	10/25	10/24	10/23	10/22	10/21	10/20	10/19	10/18	10/17	10/16	10/15	10/14	10/13	10/12	10/11	10/10	10/9	10/8	10/7	10/6	10/5	10/4	10/3	10/2	10/1	9/30	9/29	9/28	9/27	9/26	9/25	9/24	9/23	9/22	9/21	9/20	9/19	9/18	9/17	9/16	9/15	9/14	9/13	9/12	9/11	9/10	9/9	9/8	9/7	9/6	9/5	9/4	9/3	9/2	9/1	8/31	8/30	8/29	8/28	8/27	8/26	8/25	8/24	8/23	8/22	8/21	8/20	8/19	8/18	8/17	8/16	8/15	8/14	8/13	8/12	8/11	8/10	8/9	8/8	8/7	8/6	8/5	8/4	8/3	8/2	8/1	7/31	7/30	7/29	7/28	7/27	7/26	7/25	7/24	7/23	7/22	7/21	7/20	7/19	7/18	7/17	7/16	7/15	7/14	7/13	7/12	7/11	7/10	7/9	7/8	7/7	7/6	7/5	7/4	7/3	7/2	7/1	6/30	6/29	6/28	6/27	6/26	6/25	6/24	6/23	6/22	6/21	6/20	6/19	6/18	6/17	6/16	6/15	6/14	6/13	6/12	6/11	6/10	6/9	6/8	6/7	6/6	6/5	6/4	6/3	6/2	6/1	5/31	5/30	5/29	5/28	5/27	5/26	5/25	5/24	5/23	5/22	5/21	5/20	5/19	5/18	5/17	5/16	5/15	5/14	5/13	5/12	5/11	5/10	5/9	5/8	5/7	5/6	5/5	5/4	5/3	5/2	5/1	4/30	4/29	4/28	4/27	4/26	4/25	4/24	4/23	4/22	4/21	4/20	4/19	4/18	4/17	4/16	4/15	4/14	4/13	4/12	4/11	4/10	4/9	4/8	4/7	4/6	4/5	4/4	4/3	4/2	4/1	3/31	3/30	3/29	3/28	3/27	3/26	3/25	3/24	3/23	3/22	3/21	3/20	3/19	3/18	3/17	3/16	3/15	3/14	3/13	3/12	3/11	3/10	3/9	3/8	3/7	3/6	3/5	3/4	3/3	3/2	3/1	2/28	2/27	2/26	2/25	2/24	2/23	2/22	2/21	2/20	2/19	2/18	2/17	2/16	2/15	2/14	2/13	2/12	2/11	2/10	2/9	2/8	2/7	2/6	2/5	2/4	2/3	2/2	2/1	1/31	1/30	1/29	1/28	1/27	1/26	1/25	1/24	1/23	1/22	1/21	1/20	1/19	1/18	1/17	1/16	1/15	1/14	1/13	1/12	1/11	1/10	1/9	1/8	1/7	1/6	1/5	1/4	1/3	1/2	1/1	12/31	12/30	12/29	12/28	12/27	12/26	12/25	12/24	12/23	12/22	12/21	12/20	12/19	12/18	12/17	12/16	12/15	12/14	12/13	12/12	12/11	12/10	12/9	12/8	12/7	12/6	12/5	12/4	12/3	12/2	12/1	11/30	11/29	11/28	11/27	11/26	11/25	11/24	11/23	11/22	11/21	11/20	11/19	11/18	11/17	11/16	11/15	11/14	11/13	11/12	11/11	11/10	11/9	11/8	11/7	11/6	11/5	11/4	11/3	11/2	11/1	10/31	10/30	10/29	10/28	10/27	10/26	10/25	10/24	10/23	10/22	10/21	10/20	10/19	10/18	10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12.77	12.84	806
230.08	303.72	916
364.63	961.81	21
50.21	52.57	

100 Largest			
	1985	1984	Other
Bank of America	100	100	Bank of America
Wells Fargo	99	99	Wells Fargo
Citibank	98	98	Citibank
First National City	97	97	First National City
Bank of Montreal	96	96	Bank of Montreal
First National Bank	95	95	First National Bank
Bank of New York	94	94	Bank of New York
First National City	93	93	First National City
Bank of America	92	92	Bank of America
Wells Fargo	91	91	Wells Fargo
Citibank	90	90	Citibank
First National City	89	89	First National City
Bank of Montreal	88	88	Bank of Montreal
First National Bank	87	87	First National Bank
Bank of New York	86	86	Bank of New York
First National City	85	85	First National City
Bank of America	84	84	Bank of America
Wells Fargo	83	83	Wells Fargo
Citibank	82	82	Citibank
First National City	81	81	First National City
Bank of Montreal	80	80	Bank of Montreal
First National Bank	79	79	First National Bank
Bank of New York	78	78	Bank of New York
First National City	77	77	First National City
Bank of America	76	76	Bank of America
Wells Fargo	75	75	Wells Fargo
Citibank	74	74	Citibank
First National City	73	73	First National City
Bank of Montreal	72	72	Bank of Montreal
First National Bank	71	71	First National Bank
Bank of New York	70	70	Bank of New York
First National City	69	69	First National City
Bank of America	68	68	Bank of America
Wells Fargo	67	67	Wells Fargo
Citibank	66	66	Citibank
First National City	65	65	First National City
Bank of Montreal	64	64	Bank of Montreal
First National Bank	63	63	First National Bank
Bank of New York	62	62	Bank of New York
First National City	61	61	First National City
Bank of America	60	60	Bank of America
Wells Fargo	59	59	Wells Fargo
Citibank	58	58	Citibank
First National City	57	57	First National City
Bank of Montreal	56	56	Bank of Montreal
First National Bank	55	55	First National Bank
Bank of New York	54	54	Bank of New York
First National City	53	53	First National City
Bank of America	52	52	Bank of America
Wells Fargo	51	51	Wells Fargo
Citibank	50	50	Citibank
First National City	49	49	First National City
Bank of Montreal	48	48	Bank of Montreal
First National Bank	47	47	First National Bank
Bank of New York	46	46	Bank of New York
First National City	45	45	First National City
Bank of America	44	44	Bank of America
Wells Fargo	43	43	Wells Fargo
Citibank	42	42	Citibank
First National City	41	41	First National City
Bank of Montreal	40	40	Bank of Montreal
First National Bank	39	39	First National Bank
Bank of New York	38	38	Bank of New York
First National City	37	37	First National City
Bank of America	36	36	Bank of America
Wells Fargo	35	35	Wells Fargo
Citibank	34	34	Citibank
First National City	33	33	First National City
Bank of Montreal	32	32	Bank of Montreal
First National Bank	31	31	First National Bank
Bank of New York	30	30	Bank of New York
First National City	29	29	First National City
Bank of America	28	28	Bank of America
Wells Fargo	27	27	Wells Fargo
Citibank	26	26	Citibank
First National City	25	25	First National City
Bank of Montreal	24	24	Bank of Montreal
First National Bank	23	23	First National Bank
Bank of New York	22	22	Bank of New York
First National City	21	21	First National City
Bank of America	20	20	Bank of America
Wells Fargo	19	19	Wells Fargo
Citibank	18	18	Citibank
First National City	17	17	First National City
Bank of Montreal	16	16	Bank of Montreal
First National Bank	15	15	First National Bank
Bank of New York	14	14	Bank of New York
First National City	13	13	First National City
Bank of America	12	12	Bank of America
Wells Fargo	11	11	Wells Fargo
Citibank	10	10	Citibank
First National City	9	9	First National City
Bank of Montreal	8	8	Bank of Montreal
First National Bank	7	7	First National Bank
Bank of New York	6	6	Bank of New York
First National City	5	5	First National City
Bank of America	4	4	Bank of America
Wells Fargo	3	3	Wells

sport

THE ENGLAND SUCCESSION: International experience seen as a prerequisite by the game's professionals. Clive White reports

Robson is players' choice for national coach

The Football Association may be still making up its mind, but those who make their living from the game appear to have made their choice for the next England coach. Bryan Robson, the Middlesbrough manager, had the most support when the Independent canvassed opinion among English players in the Premiership.

When the same cross-section was asked to put aside the claims of the young bucks – namely Messrs Robson, Keegan, Francis (Gerry), Hoddle and Wilkins – and select their outsider, there was a pronounced preference for Howard's way, with Leeds' Wilkinson and Sheffield United's Kendall drawing equally strong backing. Robson may have ruled himself out – as have many of the other contenders – but if his arm can be twisted he would be the choice of Premiership footballers nationwide. More than half of the players we spoke to thought he was the best candidate.

The days of the Walter Winterbottoms, indeed, even more latterly, the Graham Taylors, are long past. Players nowadays, certainly international players, reserve their respect for those managers who have been there, seen it and done it. With 90 caps and experience in just about every major tournament in the world, the player they called Captain Marvel clearly qualifies on that score.

As Simon Barker, the Queen's Park Rangers midfielder, put it: "International players have big egos so you need a man in charge who could command their respect."

Wimbledon's Alan Kimble agreed. "In an open field I would choose Bryan Robson and that goes for the majority of my fellow professionals," he said. "We know what a tremendous player he was and although he is still in his early days as a manager, he has already been successful at Middlesbrough. He has international experience as a player and also as a coach alongside Venables."

Continuity was a big factor in Robson's favour with some players. "Bryan Robson fits the bill to my mind because he's already one step ahead of the rest having had two years working and learning alongside Venables," Kevin Richardson, the Coventry midfielder and former international, said. "He



Bryan Robson fits the bill because he's already one step ahead of the rest having had two years working and learning alongside Venables. He commands tremendous respect among players

Photograph: Empics

commands tremendous respect among players because of his track record, while his experience of man management at Middlesbrough will also be vital."

Nigel Spink, the Aston Villa goalkeeper, was another keen to see continuity maintained. "If

see Robson in harness with an older man, if not Venables then someone like Wilkinson. "We're lucky to have so many ready-made candidates for the job – even if some of them have started to put their clubs before country," Gary Charles, the

mon consent, Venables is still the right man for the job. I have not worked with enough people to confidently nominate anyone else. I'm surprised anyone would really want the job considering all the hype and pressure that goes with the territory. You would have to have the skin of a rhino to withstand the flak and that's why it's a pity Brian Clough is not still around – at his best."

After Robson, the main support of players was for Glenn Hoddle, Gerry Francis and Kevin Keegan, with some backing for Ray Wilkins. Francis had the support of the former England captain, Stuart Pearce, even though the Forest full-back has never played under him. "He has the ideal qualities for the job," he said. "A former England skipper, he also has a terrific record in League management as well as the determination to

play the game the right way." Someone who has played under Francis, the Queen's Park Rangers striker Bradley Allen, believed that he at least could be persuaded to throw his hat into the ring. "I know he has said that he doesn't want the job, but Gerry is a very clever man."

"If England don't do well next summer then it's a perfect situation for him. If he came in and took them to the World Cup he would be a hero. With the system he uses and the way he makes his teams so solid I'm sure he would do well. He is such a good tactician and secretly I think he would like the job. If he gets offered it at the right time I think he would take it."

Mark Draper, the Aston Villa playmaker, likened Keegan's qualities to those of Venables, and felt he had the all-round abilities for the job. "His playing

career both at home and abroad was exemplary," Draper said. "He's very much his own man and anyone who can quit the game for eight years and then pick up the reins again with such impact at Newcastle must be special."

John Moncur, the West Ham midfielder, backs Hoddle, his former manager at Swindon. Moncur said: "I've worked under Glenn and know how good he is. He has a great knowledge of the game and to be a top-class manager you need to have played at the top level. If Hoddle and the other main contenders were

ruled out, I would pick Howard Wilkinson or Howard Kendall because they both have proven track records."

Of the other contenders who have not ruled themselves out, there was substantial support for Bobby Robson, who led England

has got a lot of character and he would give the team some personality. He is a manager who does his own thing and has a bit of a laugh."

Perhaps the most surprising name to be mentioned was that of George Graham. Some London players expressed support for the former Arsenal manager, despite the fact that he is Scottish and *persona non grata* with the Football Association at the moment.

Robbie Earle, the Wimbledon midfielder, said: "He showed down the years with Arsenal what a superb tactician and organiser he is and his record stands alongside anybody's. I know he's had his problems in the last year but let's face it, so has Terry. I think George would quite fancy the challenge and as a character he would be able to take the pressure that goes with it."

BACKING FOR GEORGE GRAHAM

"I think George would quite fancy the challenge and as a character he would be able to take the pressure that goes with it" – Robbie Earle

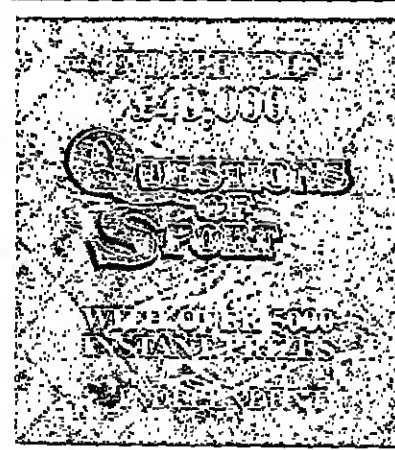


BACKING FOR GERRY FRANCIS

"He has a terrific record in League management as well as the determination to play the game the right way" – Stuart Pearce



Questions of Sport



£40,000 to be won

Today we are giving you another sporting chance of an instant win. In Saturday's paper, there was a Questions of Sport multi-choice scratch card which, if you answer three sporting questions correctly, gives you the chance of an instant cash prize from £1 to £1,000. You don't have to be an obsessive fan to play – a good general sporting knowledge should suffice. But remember, you only get one chance to answer each question, so if you are in any doubt, check it out. The card contains eight games so you can play daily through to Friday 2 February. As well as the daily instant cash prizes there is a weekly accumulator prize of £5,000 to be won.

HOW TO PLAY
Today we are playing the section of the card dated Wednesday 31 January. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Sixteen, either A, B or C in the Q16 column then repeat for Q17 and Q18.

THE QUESTIONS
Q16 In which sport is the Curtis Cup contested?
A: Golf
B: Badminton
C: Tennis

Q17 Who is the world 100 metres record holder?
A: Donovan Bailey
B: Leroy Burrell
C: Linford Christie

Q18 How many times did Red Rum win the Grand National?
A: Two
B: Three
C: Four

IMPORTANT
Scratch off ONE letter only for each question. If you reveal three identical cash amounts on any one game section on any one day, you win that amount. After you have played the last game on your card, total the cash amounts you have revealed. If your total is £5,000 you win or share the £5,000 accumulator prize. You could also win today's instant prize of £100 by revealing an asterisk.

HOW TO CLAIM
If you have revealed three identical cash amounts of £5 or under, DO NOT PHONE. Take the claim coupon OR a piece of plain paper with your name and address on it PLUS the relevant section of the card to one of the newsagents listed below. For prizes over £5, phone 01254 683666 (Irish Republic 0044 1254 683666) between 10.30am and 4pm today. Participating newsagents: WH Smith, John Menzies, Forbuys, Martins/RS McCall, Dillons, Gibbs, Macs, Supergrids, United News Shops, Star News, K Balfour, Eason, GT News, Paperchain - Village Store, Paper Shop. If you have any difficulty redeeming your card and coupon for a prize send both to: Independent Questions of Sport claims, PO Box 60, Burnley, BB10 1SH.

RULES
1. No purchase necessary. Cards are freely available from newsagents or by sending a large size to: Independent Questions of Sport Card Request, PO Box 41, Blackpool 2, BB2 6AG. One card per request.
2. The prizes for each game will be awarded to the player or players making a successful claim.
3. All claims are subject to scrutiny and cards must be intact to be eligible for a prize. Cards with missing letters are void.
4. Winners must agree to the publication of their names and photographs in The Independent and the Independent on Sunday.
5. Should more prizes be claimed than are available in any prize category, for any reason, a simple draw will take place for the prize.
6. Persons under 16 years old, employees of Newspaper Publishing plc, Mirror Group, European Promotions Ltd., Newspaper Publishing plc retail agents, their agents and families are not allowed to play.
7. The Editors' decisions are final in all matters relating to the games. No correspondence can be entered into.
8. Newspaper Publishing plc reserve the right to stop the game at any time and change the conditions.

QUESTIONS OF SPORT CLAIM COUPON

Wednesday 31 January 1996
To claim prizes up to £5

DO NOT PHONE
Take this coupon to any of the participating Newsagents listed who will give you your prize instantly.

NAME
ADDRESS
POSTCODE
TELEPHONE

To the Newsagent: Please check the card is correct and give the reader the value of their prize. Send this coupon or details supplied on plain paper together with the winning card to your head office for full redemption.

Derby snap up Powell Fans are roused by home run

PHIL SHAW

Derby County, the First Division leaders, strengthened their squad yesterday by signing Chris Powell, the Southend left-back, from under the noses of Birmingham City for £800,000.

Barry Fry, the Birmingham and former Southend manager, claimed Powell was bound for St Andrew's until the Essex club asked for Steve Claridge in exchange. Fry was unwilling to lose his top scorer, and described Southend's subsequent refusal to grant him permission to talk to Powell as "a kick in the whisties".

Derby's former Birmingham manager, Jim Smith, promptly wrapped up a deal for Powell, who had been poised to join Manchester City last week before a disagreement over the method of payment. Shane Nicholson, whose place Powell takes at the Baseball Ground, later discussed terms with West

Bromwich Albion after the clubs agreed a £150,000 fee.

Fry also failed in a £1m bid for Marcus Stewart, the 18-goal Bristol Rovers striker. Rovers vice-chairman, Geoff Dunford, said Fry was "living in fantasy land" if he hoped to land Stewart for under £2m. The Birmingham manager retorted that Dunford was himself in "cloud cuckoo land", and observed pointedly that Stewart would be out of contract in the summer. On their way out of West Brom yesterday was Mike Phenix, the former Manchester United and England player, who has rejoined Norwich, where he will assist with coaching, and the striker James McCue, who signed for Partick Thistle.

Blackburn have taken the unusual step of issuing a statement criticising "inaccurate and unfounded" media reports which suggested that David Batty had walked out on the champions and was being forced to

train with the junior players. Robert Coar, Blackburn's chairman, said that Batty, a transfer target for Newcastle, trained normally with the first-team squad yesterday.

The Football Association confirmed yesterday that its disciplinary committee would study video evidence of last week's Premiership match between West Ham and Manchester United before deciding whether to ask the referee, Barnsley's Stephen Lodge, to reconsider his dismissal of United's Nicky Butt.

Representatives of Uefa, European football's governing body, will meet officials of the European Commission in Brussels tomorrow to discuss the implications of the Jean-Marc Bosman case. The European Court of Justice ruled last month that Uefa's transfer-fee rules and player-nationally restrictions violated European Union law regarding the free movement of workers.

Yorke keeps level head

Despite his brush with the law at the weekend Neil Ruddock hopes to be in the Liverpool line-up that will try to deny Dwight Yorke his 50th goal for Aston Villa in tonight's key Premiership game.

Ruddock was arrested by police on Sunday night – and released without charge – after his £57,000 Porsche overturned, but he looks to have convinced Roy Evans, the Liverpool manager, that he should retain his place at Villa Park.

The priority will be to stop Yorke, who scored twice in a 2-1 win against Liverpool in Villa's last home League game of 1993-94 and repeated the double dose last May in a 2-0 win that helped preserve his club's Premiership place.

Villa are in the Coca-Cola Cup semi-finals and on Sunday

Yorke's penalty sent them into the FA Cup last 16 – and a win would leave them level with third-placed Liverpool with a game in hand.

"Things have gone well for me and the team so far – but we are aware that we have to keep things going because we haven't won anything yet," Yorke said. "There are a lot of important games ahead in a short space of time and we have to make sure all the good work is not thrown away."

Leeds hope that Tony Dorico (hamstring) and Richard Johnson (thigh) will be fit to return at Nottingham Forest with David Wetherall and Paul Beesley suspended, as are Mark Ford and Lee Chapman.

Forest, unbeaten at home, lack their captain, Stuart Pearce, who is struggling with

a strain suffered during England's recent get-together.

Alan Ball returns to The Dell for the first time since he left Southampton seven months ago – and the build-up has been far from smooth with his Manchester City squad changing hotels after a row.

Gordon Watson wins a recall alongside Neil Shipperley for Southampton and Mark Walters, faces his former Anfield colleague Nigel Clough, who is making his City debut.

West Ham have failed to receive work permit clearances for the Croatian defender Slaven Bilic and the Romanian Ilie Dumitrescu in time for the visit of Coventry. The Sky Blues hope that midfielder Kevin Richardson will spruce off a knee injury. Gordon Strachan and Willie Bolland stand by.

South Africa hope emotional home support will help to carry them past Ghana in their African Nations Cup semi-final in Johannesburg today.

The tournament may have been beset by poor attendances but the chance of seeing the home team reach the showpiece of their first finals tournament, is expected to attract a capacity 75,000 crowd to Soccer City.

That semi is being billed as the "premature final", with Tunisia and the high-scoring Zambia, who dispute the other place in the final earlier in the day in Durban being dismissed as underdogs.

South Africa won a dramatic quarter-final against Algeria on Saturday, a match which finally raised public interest in the tournament and heightened the prospect of another sporting triumph to go with the nation's rugby union success. "Everything is working well for us. Forward we go, backwards never," midfielder John Moshoeu said.

Ghana, the pre-tournament favourites, will have their captain Abedi Pele back in the starting line-up. He was carried off during Sunday's quarter-final victory over Zaire, but an X-ray revealed no crack or break in his swollen ankle. Ghana's pursuit of a record fifth Nations' Cup title was also well boosted by the return of the striker Yaw Preko, who missed their three previous matches through injury.

South Africa's forward Phil Masango, who will be serving a one-match suspension after receiving his second caution of the tournament on Saturday, South Africa's coach, Clive Barker, said he would be replaced by Shatin Bartlett.

Sparta's debts raise doubts for future

Sparta Prague, the Czech league champions, are in no danger of going bankrupt despite their current financial crisis.

General Motors, Sparta's main sponsor, said yesterday. The 103-year-old club, who were champions of the former Czechoslovakia 19 times and have won both championships of the new Republic, built up

debts to finance the construction of their 22,000 all-seater Letna ground.

However, Andrej Barek, the General Motors regional director for central and eastern Europe, said that speculation about bankruptcy, sparked by comments from the club's main creditor, Investicni a Postovni Banka, was premature.

"Either the banks will make a deal or an interested partner will make a deal – there are indications of this from Sparta and Investicni Banka," Barek said. "The value of the stadium, plus assets they have in terms of players, etc. are far higher than their debts. Their problem is one of cash flow." Sparta officials were unavailable for comment.

Apart from debts to the local telephone company, which recently cut all Sparta's lines, the club's main financial headache is its 300m Czech crowns (£7.3m) loan from Investicni Banka to build its new stadium.

Last week the bank indicated that bankruptcy was a possibility but said it did not want to start the process.

FA plays hard to get over England job

GLENN MOORE
Football Correspondent

There was no sign of white smoke rising above Lancaster Gate yesterday. Indeed, there was not much indication of anything as the Football Association attempted to begin its quest for a new leader in greater secrecy than the Vatican.

"They met for 90 minutes and they had tea, coffee and sandwiches. That is all I can tell you," an FA spokesman said of the first step in finding a new national coach. Even that sounded as if he was hiding something. No mention of cakes, when Jimmy Armfield, the FA's Coachfinder General, has a noted sweet tooth? Surely not.

The news blackout is unlikely to last for long but, even now, it is not hard to deduce the FA's next move. It is likely to involve Armfield, who was involved with Terry Venables' selection two years ago, heading North-east to see if Bryan Robson and Kevin Keegan are serious in their lack of interest.

Gerry Francis, at Tottenham, will also get a call but it is Robson who remains the FA's favoured choice. He has held in high regard by Venables, who brought the Middlesbrough manager into the England squad as coach. He has the players' respect. He is also likely to be easier to prise away from

Middlesbrough than Keegan is from Newcastle.

Keegan's emotional attachment to St James' Park, and the prospect of competing in the Champions' League next season, is likely to keep him at Newcastle even if Sir John Hall was prepared to release him from his lengthy contract, which he would only do with great reluctance.

Steve Gibson, the Middlesbrough chairman, is equally keen to retain his manager. But Robson has only been associated with the club for 21 months, and is believed to have a release clause in the event of England calling.

However, his agreement is not a foregone conclusion. Robson's recent interest in the Brazilians, Branco and Roberto Carlos, suggested Middlesbrough's immediate future was of greater concern to him than England's. There is the possibility of a compromise, and it is that which will have occupied much of yesterday's meeting of the international sub-committee because it revolves around Venables.

At least one of the sub-committee's five members - Graham Kelly, the FA's chief executive, Sir Bert Millichip, the FA's chairman, Noel White (Liverpool), Keith Wiseman (Southampton) and Chris Willcox (Gloucestershire FA) - is understood to be in the FA's anti-Venables faction, but he is likely to be in the minority.

Venables is resigning because he feels the international com-

mittee's lukewarm support could turn icy by the time his autumn court case with Alan Sugar heats up. Robson is hesitating over the England job because he feels a loyalty to Middlesbrough and lacks experience.

The compromise solution would be to give Robson the job on a part-time basis - and restore Venables when his court cases are over. Robson would then take over for good after the 1998 World Cup.

There is one obvious danger - the court case, or the long-awaited Teddy Sheringham transfer inquiry, may go so badly against Venables that he is considered unemployable.

If Armfield's discussions with Robson go well, the sub-committee's next meeting, in two to three weeks, may have nothing more taking to do than arrange a formal interview. If they go badly, discussion will turn to further candidates - Gerry Francis (who, of all those mentioned, may be serious in saying he would not want the hassle of the job), Frank Clark, Glenn Hoddie, or Howard Wilkinson. It may even cast its net further afield and consider a foreign coach.

The most likely candidate remains the man who wore the Cross of St George so boldly during his playing career. It is probably etched into his scar tissue. Would Bryan Robson really turn down his country in its hour of need? We may soon find out.

Players' choice, page 22

Cambridge's recovery leaves the Navy feeling blue



Mike Meredith takes a short corner for Cambridge University in their match against the Royal Navy yesterday. Meredith, a former Oxford Blue, set up the equaliser when he won a penalty stroke in the second half. The university went on to win 3-1. Report, page 23; photograph: David Ashdown

Howley joins Welsh bodyguards

Rugby Union
STEVE BAILE

Robert Howley, the Bridgend scrum-half coveted by Saracens, was yesterday chosen to make his Wales debut against England on Saturday - a selection that may well herald the end to the London club's hope of pairing Howley next season with Michael Lynagh.

The 25-year-old new cap wishes to focus his thoughts only on what will await him at Twickenham and certainly not on the illustrious Wallaby. So enquiries on the subject of Saracens, for whom he has signed a registration form, after yesterday's announcement at Cardiff Arms Park elicited no response.

However, Howley and the 19-year-old centre Leigh Davies are poised to become the next players to join the Welsh Rugby Union as paid development officers, thereby effectively placing them on binding contracts and swelling the burgeoning number who, by their WRU commitment, would be significant assets for the union in the worst event of a big-club break-away.

Howley and Davies will join the Wales captain, Jonathan Humphreys, together with Justin Thomas and Derwyn Jones of yesterday's team and Gareth Thomas from the replacements, not forgetting a certain Jonathan Davies, who is recovering from a knee operation. In an ideal world Kevin

Bowling, the coach, would gladly have his full team under contract.

The team to face England contain 13 of those who almost let slip a substantial lead against Italy a fortnight ago. Howley's snapper pass and superior strength winning him the scrum-half place from Andy Moore and a fit-again Nigel Davies displacing Matthew White at inside centre, a position regarded as critically influential by Bowling.

Change was also considered at outside-half, though in fact selection had already been done by the time Neil Jenkins proved his fitness by participating in Monday night's physical-concept session against Wales Under-21s. Bowling did not accept that

Jenkins, Wales' record points-scorer, was also fully match-fit after six weeks without rugby and so left Arwel Thomas, his great light hope, to win his second cap at outside-half.

The dashing Thomas, 21, affects to be unabashed by the prospect of England's back-row behemoths, each of whom outweighs him by at least 1st. bearing down on his slender frame at Twickenham. "They are obviously going to target me as a weakness in defence, but I have to be brave," he said.

Howley has already assumed the responsibility of protecting his diminutive new partner. "I will be trying to look after Arwel as much as possible and keep the English back row on their toes," he said. "I would

hope they'll be looking out for me and I'll be able to take some of the attention off Arwel."

The scrum-half's elevation is a case of faith moving mountains. Howley came home from the Welsh tour of southern Africa in 1993 with a knee injury which persisted through conventional treatments until he consulted a faith healer as a last resort and was cured. Alleluia! There have been times in recent years when Welsh rugby has seemed in need of the same.

WALE (N. England, Twickenham, 3 February) J. Thomas; I. Davies (both Cardiff); L. Davies (North); M. Davies, W. Proctor (both Llanelli); A. Thomas (Bristol); R. Howley (Bridgend); A. Lewis, J. Humphreys (both Cardiff); capt. J. Davies; Gareth Llewellyn (both North); O. Jones, E. Lewis, N. Taylor (all Cardiff); G. Jones (Llanelli); replacements: G. Thomas (Bridgend); N. Jenkins (Pontypridd); A. Moore, L. Munster (both Cardiff); G. Jenkins (Swansea); G. Williams (North).

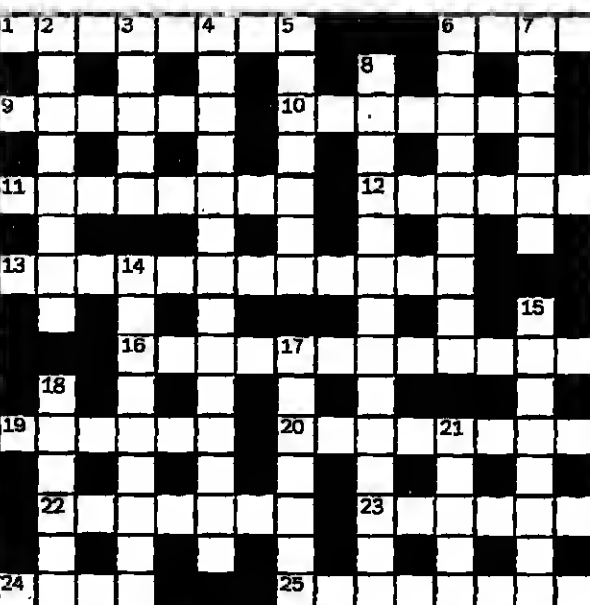
THE INDEPENDENT CROSSWORD in association with



No. 2897, Wednesday 31 January

By Aquila

Yesterday's Solution



ACROSS

- 1 Crop as a means of saving time (5,3)
- 6 Wife battered in front of the kids? (4)
- 9 Alpine car in a smash (6)
- 10 Cut in salary makes one so hysterical (7)
- 11 Desert beetle springs here (8)
- 12 Perceives sixth sense is about energy (6)
- 13 Frogman, perhaps, with sufficient interval - breaking tin into amusing little pieces (12)
- 16 Pronounced disdainful customs of people growing? (12)
- 19 Stops butterflies (6)
- 20 Living once, set about becoming most active (8)
- 22 Bright red vehicle approaching pit (7)
- 23 More shed than garage, within? (6)
- 24 A duck-egg blue (4)
- 25 Potential wooders, according to Rowley (8)

DOWN

- 2 Overture of wind instrument with end key broken off (8)
- 3 Money one might charge on safari (5)
- 4 Personal property (14)
- 5 Apt to get drunk. Othello retired to bar (7)
- 6 Savoy merryman with means of raising issue? (4,5)
- 7 Dull study of poet (6)
- 8 Deprived of proper diet here round Indus, sadly (14)
- 14 Short-lived record over border - real upset! (9)
- 15 Get ready on time to see horse's manoeuvres (8)
- 17 Enquiry into end of popular crusade (7)
- 18 One has a large bill cut on a new order (6)
- 21 Range of knowledge to practise fencing with bamboo (5)

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Bailey starts mind games with attack on Christie

Athletics
MIKE ROWBOTTOM

Donovan Bailey, who succeeded Linford Christie as world 100 metres champion, yesterday accused the Briton of faking injury in last year's final. The Canadian added that Christie was bluffing when he said he would not defend his Olympic title in Atlanta this summer.

After finishing sixth behind Bailey in Gothenburg, Christie lay face down on the track and received ice-pack treatment for a hamstring injury which appeared to have happened in the semi-final.

But Bailey, who took the title in 9.97sec, insisted: "There was absolutely no one injured in the final in Gothenburg. Watch it over and over again - no one in that race was hurt. If Linford had a hamstring injury it was healed the next day. He was in the athletes village and ready to run in the relay if needed."

Bailey pointed out that Christie beat him in Zurich 10 days later in 10.03. "That answers the question," he said. "I've had hamstring injuries before, and it takes at least a couple of weeks to be back at full speed - unless you have an amazing, out-of-this-world physiotherapist."

But the 28-year-old who, like

Christie, was born in Jamaica, is confident his 35-year-old British rival will be in Atlanta for a race which he believes could be "the biggest race in history" - assuming everyone is fit.

"I think Linford is bluffing the media," he said. "I think he'll run the Olympics. I certainly don't think he's too old - if you are running 10 seconds flat, as he is now, you could be 85 and still compete. Ask any of the people I am sprinting against now if Linford will do Atlanta and they will tell you. 'Of course he's running.'"

Bailey's comments, aptly enough given his inference of acting, were made inside the British Academy of Film and Television Arts, where he was helping to publicise a new television campaign by his sponsors, Adidas.

The British Athletic Federation spokesman, Tony Ward, said: "These remarks are not credible. They also reflect unfairly on our medical team, who treated Linford in Gothenburg."

The remarks were also strongly denied by Sue Barrett, Christie's agent at his management company, Nuff Respect.

"Donovan won the title when Linford was not fully fit. But he

should remember how Linford won in the Barcelona Olympics when Carl Lewis wasn't running the individual event. Things like that happen. It doesn't mean you can start talking rubbish about your fellow competitors. He should be very careful about what he is saying."

"There is no secret to what happened with Linford. He was injured in the final, and he went away the next day to get excellent treatment to which he responded very well."

While being treated outside Zurich by the same medical specialist who operated on Sally Gunnell's troublesome heel in September last year, Christie had a scan which showed he was also suffering from knee cartilage problems.

"As far as competing in the Olympics goes," Barrett continued, "Donovan obviously knows Linford's mind better than he does himself because no decision has been made yet."

Bailey, who remained genial - if a little bemused - throughout his audience with the massed media, denied that he saw Christie as the main threat



Donovan Bailey, the 100 metres world champion, speaks his mind in London yesterday. Photograph: Peter Jay

at the Olympics - "I compete only against myself and the clock," he said. But he was clearly well aware that the opposition would be formidable.

"The Americans are going to send out three guys who are going to be smoking," he said. "They won't want people com-

ing to their show and sweeping the sprinters."

And he acknowledged that Christie was a serious contender. "I think some of the other sprinters have not been tough enough mentally to beat him," he said. "He is a very confident man. But I am physically strong and mentally I'm even tougher."

Bailey's mind-games technique certainly appears in good shape as summer approaches.

